

HOUSING ELEMENT UPDATE

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City of Fountain Valley

HOUSING ELEMENT UPDATE

FINAL

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TABLE OF CONTENTS

SECTION	PAGE
I. INTRODUCTION.....	1
A. PURPOSE.....	1
B. CITIZEN PARTICIPATION.....	1
C. CONSISTENCY WITH STATE PLANNING LAW.....	1
D. GENERAL PLAN CONSISTENCY.....	2
E. HOUSING ELEMENT ORGANIZATION.....	3
II. COMMUNITY PROFILE.....	5
A. POPULATION TRENDS AND CHARACTERISTICS.....	5
1. Age Composition.....	6
2. Race and Ethnicity.....	7
B. EMPLOYMENT TRENDS.....	7
C. HOUSEHOLD CHARACTERISTICS.....	9
1. Household Formation and Composition.....	9
2. Household Income.....	11
D. HOUSING INVENTORY AND MARKET CONDITIONS.....	13
1. Housing Stock Profile.....	13
2. Tenure.....	16
3. Vacancy Rates.....	17
4. Age of Housing Stock.....	18
5. Housing Conditions.....	18
6. Rooms Per Unit.....	19
7. Housing Costs and Rents.....	20
8. Housing Affordability Gap Analysis.....	25
III. HOUSING NEEDS.....	31
A. REGIONAL HOUSING NEEDS ASSESSMENT.....	31
1. Overview of the SCAG Fair Share Allocation Process.....	31
B. EXISTING NEEDS.....	33
1. Overcrowding.....	33
2. Overpayment.....	34
3. Special Needs Groups.....	37
IV. HOUSING CONSTRAINTS AND RESOURCES.....	45
A. GOVERNMENTAL CONSTRAINTS.....	45
1. Land Use Controls.....	45
B. NON-GOVERNMENTAL CONSTRAINTS.....	57
1. Environmental/Infrastructure Constraints.....	57
2. Infrastructure Constraints.....	57
C. RESIDENTIAL LAND RESOURCES.....	61
1. Availability of Sites for Housing.....	61
2. Preservation of Assisted Units at Risk of Conversion.....	66

V.	REVIEW OF PREVIOUS ELEMENT.....	71
A.	PROGRESS IN IMPLEMENTING THE 1989 GOALS AND OBJECTIVES	75
VI.	GOALS, POLICIES, PROGRAMS AND QUANTIFIED OBJECTIVES.....	81
A.	GOALS, STRATEGIES, AND ACTIONS.....	81
B.	IMPLEMENTATION PROGRAMS	90
VII.	FIVE-YEAR ACTION PLAN.....	95
A.	ACTION PLAN SUMMARY	97
B.	QUANTIFIED OBJECTIVES.....	101
	1. New Construction	101
	2. Preservation/Assistance.....	102

City of Fountain Valley

HOUSING ELEMENT UPDATE

LIST OF TABLES

TABLE	PAGE
TABLE 1 POPULATION GROWTH 1980-1999 CITY OF FOUNTAIN VALLEY	5
TABLE 2 AGE DISTRIBUTION 1990-1997 CITY OF FOUNTAIN VALLEY	6
TABLE 3 RACIAL AND ETHNIC COMPOSITION 1990-1997 CITY OF FOUNTAIN VALLEY	7
TABLE 4 EMPLOYMENT IN FOUNTAIN VALLEY BY SECTOR	8
TABLE 5 MAJOR EMPLOYERS 1999	8
TABLE 6 JOBS/HOUSING BALANCE CITY OF FOUNTAIN VALLEY	9
TABLE 7 TOTAL HOUSEHOLDS 1990-1999 CITY OF FOUNTAIN VALLEY	10
TABLE 8 HOUSEHOLD SIZE BY TENURE 1990 CITY OF FOUNTAIN VALLEY	11
TABLE 9 HOUSEHOLD AND FAMILY INCOME ESTIMATES 1990 CITY OF FOUNTAIN VALLEY	12
TABLE 10 HOUSEHOLDS BELOW POVERTY LEVEL 1990 CITY OF FOUNTAIN VALLEY	13
TABLE 11 REGIONAL COMPARISON OF TOTAL HOUSING STOCK 1990-1999 CITY OF FOUNTAIN VALLEY	15
TABLE 12 HOUSING VACANCY BY TENURE AND HOUSING TYPE 1990 CITY OF FOUNTAIN VALLEY	15
TABLE 13 COMPOSITION OF HOUSING STOCK BY UNIT TYPE 1990 – 1999 CITY OF FOUNTAIN VALLEY	16
TABLE 14 OCCUPIED HOUSING UNITS BY TENURE 1990 CITY OF FOUNTAIN VALLEY	17
TABLE 15 AGE OF HOUSING STOCK CITY OF FOUNTAIN VALLEY	18
TABLE 16 BEDROOMS PER UNIT 1990 CITY OF FOUNTAIN VALLEY	19
TABLE 17 HOUSING VALUES 1990 CITY OF FOUNTAIN VALLEY	21
TABLE 18 RESALE HOME PRICES 2000 CITY OF FOUNTAIN VALLEY	22
TABLE 19 REPRESENTATIVE HOUSING PRICES 1999 CITY OF FOUNTAIN VALLEY	23
TABLE 20 MONTHLY MORTGAGE PAYMENTS FOR RESALE AND NEW HOMES CITY OF FOUNTAIN VALLEY	24
TABLE 21 RENTS BY NUMBER OF BEDROOMS 1990 CITY OF FOUNTAIN VALLEY	24
TABLE 22 APARTMENT UNITS BY BEDROOM SIZE AND PRICE RANGE 2000 CITY OF FOUNTAIN VALLEY	25
TABLE 23 1999 MAXIMUM RENT AND PURCHASE PRICE BY INCOME CATEGORY CITY OF FOUNTAIN VALLEY	26
TABLE 24 FOUNTAIN VALLEY FAIR SHARE HOUSING NEEDS 1998 - 2005 ¹	32
TABLE 25 HOUSEHOLDS WITH OVERCROWDING CITY OF FOUNTAIN VALLEY	34
TABLE 26 HOUSEHOLDS WITH OVERPAYMENT BY INCOME CATEGORY CITY OF FOUNTAIN VALLEY	35
TABLE 27 HOUSING COSTS: RENT AS PERCENTAGE OF GROSS INCOME CITY OF FOUNTAIN VALLEY	36
TABLE 28 SUMMARY OF EXISTING HOUSING NEEDS	37
TABLE 29 ELDERLY MOBILITY AND/OR SELF-CARE LIMITATIONS 1990 CITY OF FOUNTAIN VALLEY	39
TABLE 30 LARGE HOUSEHOLDS BY TENURE 1990 FOUNTAIN VALLEY	40
TABLE 31 FEMALE HEADS OF HOUSEHOLDS 1990 CITY OF FOUNTAIN VALLEY	41
TABLE 32 DISABLED FOUNTAIN VALLEY RESIDENTS 1990 CITY OF FOUNTAIN VALLEY	41
TABLE 33 ORANGE COUNTY HOMELESS SUB-POPULATION CHARACTERISTICS	42
TABLE 34 FOUNTAIN VALLEY HOMELESS RESOURCES	43
TABLE 35 FOUNTAIN VALLEY GENERAL PLAN RESIDENTIAL LAND USE CATEGORIES CITY OF FOUNTAIN VALLEY	46
TABLE 36 RESIDENTIAL DEVELOPMENT STANDARDS CITY OF FOUNTAIN VALLEY	48
TABLE 37 SUMMARY OF ZONING RESIDENTIAL REGULATIONS CITY OF FOUNTAIN VALLEY	49
TABLE 38 1999 COMPARISON LOCAL CITY FEES PER UNIT	53
TABLE 39 CITY OF FOUNTAIN VALLEY PLANNING DEPARTMENT FEE SCHEDULE	54

TABLE 40 LOCAL DEVELOPMENT PROCESSING TIME LIMITS	55
TABLE 41 CITY OF FOUNTAIN VALLEY DEVELOPMENT FEE SCHEDULE FEE CALCULATION	56
TABLE 42 HOUSING DEVELOPMENT POTENTIAL 1999 CITY OF FOUNTAIN VALLEY	62
TABLE 43 DEVELOPMENT POTENTIAL BY PARCEL CITY OF FOUNTAIN VALLEY	63
TABLE 44 INVENTORY OF ASSISTED UNITS	67
TABLE 45 FAIR MARKET RENTS FOR EXISTING HOUSING ORANGE COUNTY MSA	68
TABLE 46 CITY OF FOUNTAIN VALLEY PREVIOUS HOUSING ELEMENT EVALUATION APRIL, 2000 ..	73
TABLE 47 FOUNTAIN VALLEY HOUSING ELEMENT GOALS 1989 – 1998	75
TABLE 48 PROGRESS TOWARDS OBJECTIVES JULY 1989 – DECEMBER 1998	76
TABLE 49 RESOURCES AVAILABLE FOR HOUSING ACTIVITIES CITY OF FOUNTAIN VALLEY	90
TABLE 50 HOUSING ACTION PLAN SUMMARY 2000-2005	97
TABLE 51 NEW CONSTRUCTION QUANTIFIED OBJECTIVES SUMMARY 1998 – 2005	101
TABLE 52 REHABILITATION QUANTIFIED OBJECTIVES SUMMARY 1998 – 2005	102
TABLE 53 PRESERVATION/ASSISTANCE QUANTIFIED OBJECTIVES SUMMARY 1998 – 2005	102
TABLE 54 CITY OF FOUNTAIN VALLEY QUANTIFIED OBJECTIVES SUMMARY 1998 – 2003	103

LIST OF FIGURES

FIGURE	PAGE
FIGURE 1 MAXIMUM RENT BY INCOME CATEGORY	27
FIGURE 2 MAXIMUM PURCHASE PRICE OF HOME BY INCOME CATEGORY	28

I. INTRODUCTION

A. PURPOSE

The purpose of the Housing Element of the Fountain Valley General Plan is to ensure the City establishes policies, procedures and incentives in its land use planning and redevelopment activities that will result in the maintenance and expansion of the housing supply to adequately accommodate households currently living and expected to live in Fountain Valley. It institutes policies that will guide City decision-making, and establishes an action program to implement housing goals through 2005.

The Housing Element has been designed to address key housing issues in the City. Foremost among these issues is the provision of a mix and balance of housing types and costs to meet the needs of *all* segments of the Fountain Valley community. As such, the Housing Element makes provisions for affordable and accessible housing for special needs groups in the community, and is designed to provide guidance in the maintenance of existing affordable housing. These commitments are an expression of the statewide housing goal of "early attainment of decent housing and a suitable living environment for every California family," as well as an expression of the concern of Fountain Valley residents for the attainment of a suitable living environment for every City household.

B. CITIZEN PARTICIPATION

California Government Code requires that local government make a diligent effort to achieve public participation from all economic segments of the community in the development of the housing element. In the preparation of the Housing Element Update, a number of organizations and agencies that provide housing, or housing related services, were contacted. Responses from these groups helped guide the Housing Needs Assessment portion of the Housing Element, as well as the action plan.

The Housing Element Update involved a joint City Council/Planning Commission Workshop, a publicly noticed Public Hearing before both the Planning Commission and City Council, and the availability of documents for public review at City Hall during the public review process. The Draft and Final Housing Element were circulated to the Department of Housing and Community Development for review and comment.

C. CONSISTENCY WITH STATE PLANNING LAW

The Housing Element is one of the seven General Plan elements mandated by the State of California. Sections 65580 to 65590 of the California Government Code contain the legislative mandate for the housing element. State law requires that the City's Housing Element consist of "*an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement and development of housing*" (Section 65583). In addition, the housing element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobile homes, and shall make adequate provision for the existing and projected needs of all economic segments of the community.

There is no single approved format for a Housing Element. Instead, State law defines components of issues that must be addressed. A housing element should clearly identify and address, at a minimum, each component listed below:

Detailed Components of the Housing Element

The element shall contain all of the following.

1. Review of Existing Housing Element.
2. An assessment of existing and projected housing and employment trends to assess a locality's housing needs for all income levels.
3. An inventory of resources relevant to meeting housing needs.
4. An inventory of constraints relevant to the meeting of these needs.
5. A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement and development of housing.
6. A program that sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element.

D. GENERAL PLAN CONSISTENCY

The Housing Element is one of nine elements of the **Fountain Valley General Plan**. The goals, policies, standards and proposals within this element relate directly to, and are consistent with all other elements. The City's Housing Element identifies programs and resources required for the preservation, improvement and development of housing to meet the existing and projected needs of its population.

The Housing Element is affected by development policies contained in the Land Use Element, which establishes the location, type, intensity and distribution of land uses throughout the City, and defines the land use build-out potential. In designating total acreage density of residential development, the Land Use Element places an upper limit on the number and types of housing units constructed in the City. The acreage designated for a range of commercial and office uses creates employment opportunities for various income groups. The presence and potential for jobs affects the current and future demand for housing at the various income levels in the City.

The policies contained in other elements of the General Plan affect the quality of life that residents enjoy – the amount and variety of open space; the preservation of natural, historic and cultural resources; the permitted noise levels in residential areas; and the safety of residents in the event of a natural or man-made disaster.

The Housing Element utilizes the most current data available, and includes 1999 population, housing and employment data, 1997 demographic data, 1999/2000 real estate information and 1990 Census data. All figures represented in the Housing Element are consistent with existing and projected population, employment and housing figures presented by county, state, national and non-profit agencies.

The Housing Element has been reviewed for consistency with the City's other General Plan elements, and the policies and programs in this Element reflect the policy direction contained in other parts of the General Plan (see Appendix). As portions of the General Plan are amended in the future, this Housing Element will be reviewed to ensure that internal consistency is maintained.

E. HOUSING ELEMENT ORGANIZATION

This Housing Element updates the Housing Element amended by the City in 1993, which (inclusive of staff responses to HCD comments) was found by HCD to be in compliance with established criteria in September the same year. The Housing Element is designed to meet several key objectives. These include provisions to: ensure internal consistency with the recently adopted General Plan; meet recently enacted statutory requirements; introduce updated housing, population and needs analysis; and incorporate the suggested staff responses to HCD comments which address the issues identified by HCD in reference to the adopted 1989 Housing Element.

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II. COMMUNITY PROFILE

Incorporated in 1957, Fountain Valley is located in northwestern Orange County 30 miles southeast of Los Angeles, 90 miles northwest of San Diego. There are abundant major circulation corridors in the City, which is well accessed by the Southern California freeway network and within convenient driving time of four major airports.

The housing needs of the City are determined by demographic characteristics of the population (including age, household size, employment, and ethnicity) and the characteristics of housing available to that population (i.e., number of units, tenure, size, cost, etc.). The local housing market is seldom static, constantly changing with dynamic social and economic factors. As City demographics and household socioeconomic conditions change, different housing opportunities arise and/or must be created to meet demand. This section explores the characteristics of the existing and projected population and housing stock in order to define the extent of unmet housing needs in the Fountain Valley community. This information helps to provide direction in updating the City's Housing Element goals, policies, and programs.

A. POPULATION TRENDS AND CHARACTERISTICS

The City of Fountain Valley is one of 33 cities located in Orange County. The County has experienced rapid growth in the last two decades, with the majority of growth occurring in unincorporated portions of the County and new residential communities in the southern part of the County. From 1980 to 1990, the County's population increased by nearly 500,000 residents, a 19% increase. As a result of employment and residential market trends, the County population growth rate slowed to approximately 15% in the 1990s, equating to 365,063 new residents between 1990 and 1999.

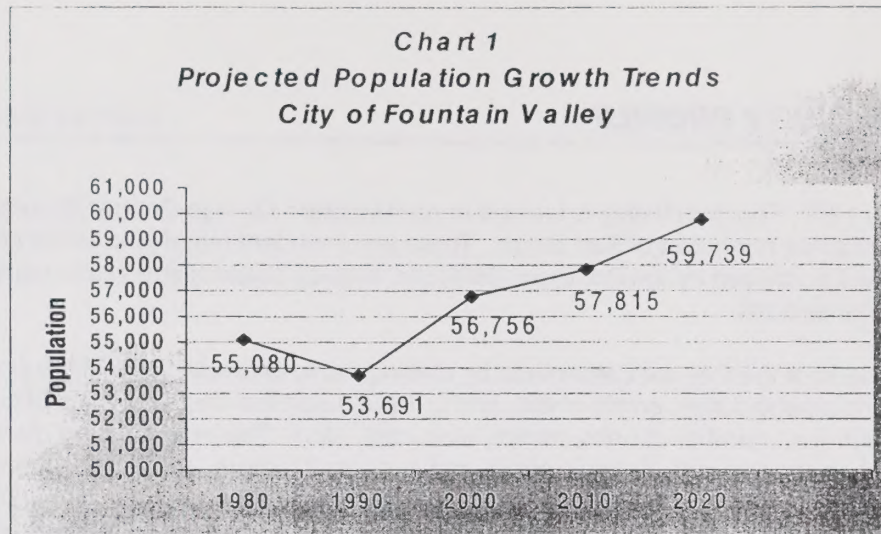
Although the population of Fountain Valley decreased slightly in the 1980's, between 1990 and 1999 the City's population rebounded to 56,445 persons, a 5.1% increase over the ten year period. This is due, in part, to Orange County's dynamic growth, as mentioned above.

TABLE 1
POPULATION GROWTH 1980-1999
CITY OF FOUNTAIN VALLEY

<i>Jurisdiction</i>	<i>1980 ¹</i>	<i>1990 ¹</i>	<i>1999 ²</i>	<i>1980-90 Growth</i>		<i>1990-99 Growth</i>	
				<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Fountain Valley	55,080	53,691	56,445	-1,389	-2.5%	2,754	5.1%
Orange County	1,932,708	2,410,556	2,775,619	477,848	18.9%	365,063	15.1%

¹ U.S. Census Bureau.

² California Department of Finance (DOF), Population Estimates, January 1, 1999.



Source: 1990 U.S. Bureau of Census, CA Department of Finance 1999.

1. Age Composition

Table 2, Age Distribution, shows the change among age groups from 1990 to 1997. In 1997, residents in their prime working years comprised 48% of the City's population, nearly double the number of the next largest cohort, school age and young adult citizens, at 25%. Those in their early retirement years and over 65 made up the next most significant population groups with 12% and 9% of total City population, respectively.

Additionally, the table demonstrates that between 1990 and 1997, the age distribution of Fountain Valley residents represented a slight, yet significant "graying" of the population; in other words, the population of persons over 55 experienced a much greater increase than any other age group. Simultaneously, the proportion of school age and young adult residents experienced a 4.7% net decrease, again suggesting that the population of Fountain Valley is becoming somewhat older.

TABLE 2
AGE DISTRIBUTION 1990-1997
CITY OF FOUNTAIN VALLEY

Age Group/Year	1990		1997		1990-1997 % Change
	Number	% of Population	Number	% of Population	
Preschool (0-4)	2,985	5.6%	3,124	5.7%	0.1%
School/Young Adult (5-24)	16,171	30.1%	14,040	25.4%	-4.7%
Prime Working (25-54)	25,800	48.1%	26,264	47.6%	-0.5%
Retirement (55-64)	4,841	9.0%	6,735	12.2%	3.2%
Senior Citizens (65+)	3,894	7.3%	5,067	9.2%	1.9%
Total	53,691	100.0%	55,230	100.0%	N/A

Source: 1990 U.S. Census, Center for Demographic Research (CDR) 1999

2. Race and Ethnicity

The U.S. Census provides statistics regarding the race and ethnicity of a city's population. Although the number of minority residents in Fountain Valley increased between 1990 and 1997, the City is primarily comprised of persons classified as "White, not of Spanish Origin." Table 3 highlights the ethnic distribution of the population for 1990 and 1997.

In 1990, about one quarter of the City's population was non-White, increasing to nearly a third by 1997. During the 1990-1997 period, each of these ethnic groups increased their proportional share of the population, while the Caucasian group experienced a noticeable decline. Mirroring a broader countywide trend, there has been a significant increase in the number of Hispanic and Asian residents within the City. Among all ethnic groups, the population of Asian residents increased most significantly, from 9,519 persons in 1990 to 11,574 in 1997, bringing the proportion of Asian/Pacific Islanders to 21% of total City population. Hispanic residents experienced the next greatest increase in population with 1,227 additional persons, raising their percentage of total residents to more than 10%.

These Race and Ethnicity statistics are important because they demonstrate that Fountain Valley is becoming a more ethnically diverse, heterogeneous City.

TABLE 3
RACIAL AND ETHNIC COMPOSITION 1990-1997
CITY OF FOUNTAIN VALLEY

<i>Racial/Ethnic Group</i>	<i>1990</i>		<i>1997</i>		<i>1990-1997</i>
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>% Change</i>
White	42,000	78.2%	37,115	67.2%	-11.0%
Black	510	0.9%	593	1.1%	0.1%
Asian or Pacific Islander	9,519	17.7%	11,574	21.0%	3.2%
Other (including Native American, Eskimo or Aleut)	1,662	3.1%	364	0.7%	-2.4%
Total	53,691	100.0%	55,230	100.0%	N/A
Hispanic	4,357	8.1%	5,584	10.1%	2.0%

¹ Hispanic origin is a component of White, Black, and other categories and was not identified as a separate classification in 1990.

² 1997 information characterizes Hispanic as its own category, which cannot be compared directly with 1990 Census data.

Source: 1990 US Census Data, 1997 Center for Demographic Research (CDR) Jurisdictional Summaries.

B. EMPLOYMENT TRENDS

Employment and income are two important factors in determining a household's ability to secure housing. In the past 30 years, Fountain Valley's historic agricultural-based economy shifted to residential and commercial/industrial-oriented uses. The local working force of Fountain Valley residents was estimated at 4,506 by the 1990 Census. Approximately 72% of the families in Fountain Valley are comprised of two or more members who work.

Most Fountain Valley residents are employed in service-based industries. Approximately 42% of jobs in the City are in either retail trade, or health care and social assistance sectors. Other significant Fountain Valley job sectors include accommodation and food services (13%), and administrative support/waste management (12%). The following Table 4 identifies employment by sector in the City.

**TABLE 4
EMPLOYMENT IN FOUNTAIN VALLEY BY SECTOR**

<i>Job Sector</i>	<i>Number</i>	<i>Percent</i>
Wholesale Trade	1,429	9%
Retail Trade	3,242	21%
Real Estate and Rental/Leasing	327	2%
Professional, Scientific and Professional Services	1,350	9%
Administrative and Support, Waste Management and	1,947	12%
Educational Services	67	0%
Health Care and Social Assistance	3,313	21%
Arts, Entertainment and Recreation	611	4%
Accommodation and Food Services	1,974	13%
Merchant Wholesalers	1,335	8%
Manufacturers' Sales Branches and Sales Offices/A	118	1%
Total Employed Persons (16 years and over)	15,713	100%

Source: 1997 U.S. Census Bureau FactFinder

According to the California Employment Development Department (EDD), there were 34,160 residents of the City of Fountain Valley in the labor force in November of 1999, representing approximately 98% of the estimated population aged 16 and above. The reported City unemployment rate in November 1999 was 1.9%, lower than the overall County unemployment rate of 2.3%. Fountain Valley's primary employers are listed in Table 5.

**TABLE 5
MAJOR EMPLOYERS
1999**

<i>Company</i>	<i>Number of Employees</i>
Fountain Valley Regional Hospital	1,500
Ceridian Tax Service Inc.	500
Hyundai Motor America	540
SAFECO Insurance	550
Kingston Technologies, Inc.	515
Orange Coast Memorial Hospital	544

Source: City of Fountain Valley Chamber of Commerce

The "jobs-housing balance" test is a general measure of a community's employment opportunities with respect to its residents' housing needs. A balanced community would reach equilibrium between employment and housing opportunities so that a majority of residents could also work within the community. Table 6 indicates that the City's current (1999) housing inventory is estimated at 18,232 units, while the City is estimated to provide 34,160 employment opportunities. A comparison of the number of jobs in Fountain Valley in 1999 (34,160) with the number of housing units in that same year (18,232) indicates a jobs-housing ratio of 1.87. This ratio demonstrates a favorable balance between employment and housing opportunities in the City, although in reality, a majority of residents of the City are not actually employed in businesses located within City limits.

The implications of this are twofold: the City should strive to promote the provision/establishment of employment opportunities suited to the occupational characteristics of the population; and/or the City should focus efforts to promote the construction of housing units with amenities and price ranges attractive to persons employed in the City.

TABLE 6
JOBS/HOUSING BALANCE
CITY OF FOUNTAIN VALLEY

<i>Year</i>	<i>Housing Units</i>	<i>Employment</i>	<i>Jobs/Housing Ratio</i>
1990	18,019	30,050	1.67
1991	18,035	28,670	1.59
1992	18,038	28,610	1.59
1993	18,044	29,030	1.61
1994	18,070	29,500	1.63
1995	18,073	29,610	1.64
1996	18,079	30,120	1.67
1997	18,168	31,400	1.73
1998	18,185	32,670	1.80
1999	18,232	34,160	1.87

Source: U.S. Census Bureau, State of California Economic Development Department (EDD), State Department of Finance.

C. HOUSEHOLD CHARACTERISTICS

Before current housing problems can be understood and future needs anticipated, housing occupancy characteristics need to be identified in the City. The following is an analysis of household size, household growth, tenure, and vacancy trends. By definition, a "household" consists of all the people occupying a dwelling unit, whether or not they are related. A single person living in an apartment is a household, just as a couple with two children living in the same dwelling unit is considered a household.

1. Household Formation and Composition

Between 1990-1999, the number of Fountain Valley households grew at a rate much slower than the Orange County average. While Orange County's total number of households increased 9% between

1990 and 1999, Fountain Valley's total household composition grew only 1% during the same period. The total number of households in the City in 1999 was 17,612, representing a net increase of 205 households since 1990. Table 7 compares total household growth in the City, County and State.

TABLE 7
TOTAL HOUSEHOLDS 1990-1999
CITY OF FOUNTAIN VALLEY

<i>Area</i>	<i>1990</i>	<i>1999</i>	<i>% Increase 1990-1999</i>
California	10,381,206	11,225,363	8.1%
Orange County	827,066	900,485	8.9%
Fountain Valley	17,407	17,612	1.2%

Source: 1990 U.S. Bureau of Census for City, County and State; Department of Finance Population Estimates, 1/1/99.

In 1990, the U.S. Census indicated that the average household size within the City was approximately 3.07 persons per household. This has increased to an estimated 3.19 persons per household in 1999. In comparison, average household size in Orange County in 1990 was 2.87 persons per household and an estimated 3.04 persons per household in 1999.

The small increase in household size during the 1990's has resulted from many different factors. Among these factors, changing demographic patterns are most attributable to household size growth. For example, the City's growing Asian and Latino populations traditionally have larger and more extended families than their Caucasian counterparts, and as such may indirectly contribute to a portion of increased household size.

Table 8 describes household size by renter and owner. Since the majority of Fountain Valley households are comprised of two to four persons, it appears that among both renters and owners, there is a need especially for units with 1-3 bedrooms. The Census shows a significant number of households with five or more persons as well, whose needs are best met by units with three or more bedrooms.

TABLE 8
HOUSEHOLD SIZE BY TENURE 1990
CITY OF FOUNTAIN VALLEY

<i>Households</i>	<i>Renter</i>		<i>Owner</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1 Person	968	22.4%	1,386	10.6%
2 Person	1,377	31.8%	3,730	28.5%
3-4 Person	1,365	31.6%	5,920	45.3%
5+ Person	616	14.2%	2,045	15.6%
Total	4,326	100.0%	13,081	100.0%
Average Household Size	3.07			

Source: U.S. Bureau of Census 1990.
"Total" universe includes only occupied housing units

2. Household Income

The Department of Housing and Urban Development (HUD) annually develops median household income estimates for the purpose of determining program eligibility. According to HUD, the 1999 median household income for Orange County, which includes the City of Fountain Valley, was \$68,300. The median income for the Los Angeles-Long Beach MSA was slightly lower at \$51,300 and the median income for the Riverside-San Bernardino MSA was \$47,200. Household income estimates for Fountain Valley (1990 Census) by total households/families are found in Table 9. With a Median Family Income of \$60,350 and Median Household Income of \$56,255, the 1990 Census indicates that the City enjoys somewhat higher income levels than the County, which had median incomes of \$45,922 for households and \$51,167 for families.

A distinction should be made between the term 'household' and 'family'. A 'household' includes all the persons who occupy a housing unit. Households may be comprised of unrelated persons including roommates, unmarried couples who reside together, and single persons, as well as those households consisting of families. A 'family' household consists of a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. A family household can contain only one family for purposes of census tabulations. Not all households contain families since a household may comprise a group of unrelated persons or one person living alone.

TABLE 9
HOUSEHOLD AND FAMILY INCOME ESTIMATES 1990
CITY OF FOUNTAIN VALLEY

<i>Income</i>	<i>Family Households</i>	<i>% of Total Households</i>	<i>Non-Family Households</i>	<i>% of Total Households</i>
\$0-\$14,999	522	2.9%	678	3.9%
\$15,000-\$34,999	2,018	11.5%	1,027	5.9%
\$35,000-\$49,999	2,714	15.5%	642	3.7%
\$50,000-\$74,999	3,804	21.7%	625	3.6%
\$75,000-\$99,999	2,810	16.1%	230	1.3%
\$100,000-\$149,000	1,805	10.3%	101	0.6%
\$150,000 +	480	2.7%	38	0.2%
TOTAL	14,153	N/A	3,341	N/A
Median Family Income= \$60,350			Median Household Income= \$56,255	
Source: 1990 Census				
Total households are 17,494. Total <i>occupied</i> households = 17,407				

Lower income households may require housing with rents or payments lower than market rates. Often, payment assistance is needed from local, state or federal government agencies to assist these households in securing adequate housing. The City will continue to utilize available programs to provide residents with affordable housing.

One measure of Fountain Valley's socioeconomic well being is the number and proportion of its residents living below federally established poverty levels. The Census Bureau determined that the poverty threshold for a family of four persons was \$16,660 in 1999, based on 1998 income levels. This threshold is applied on a national basis and is not adjusted for regional, state or local variations in the cost of living or earnings.

Undesirable at any rate, poverty can be symptomatic of other serious problems. Table 10 demonstrates that the number of families and households in the Fountain Valley below the poverty level are few. In fact, the total proportion of Fountain Valley households below the poverty level is 4.3%, about half the 8.5% of Orange County houses in poverty.

The 1990 Census reports that 746 Fountain Valley households were below the poverty threshold. Of these, 232 were married couple families, 37 were female head of households, 46 were male-headed households (no spouse), and 431 were non-family households. The elderly, aged 65 and above, constitute 2.8% of the total households in poverty.

TABLE 10
HOUSEHOLDS BELOW POVERTY LEVEL 1990
CITY OF FOUNTAIN VALLEY

<i>Household Type</i>	<i>Total Households</i>	<i>Number of Households Below Poverty Level</i>	<i>Percentage of Households Below Poverty Level</i>
Married Couple Families	11,882	232	1.3%
Family With Children	5,728	178	1.0%
Family Without Children	6,154	54	0.3%
Male Households	565	46	0.3%
With Children	165	17	0.1%
Without Children	400	29	0.2%
Female Households	1,706	37	0.2%
With Children	810	31	0.2%
Without Children	896	6	0.0%
Non-Family	3,341	431	2.5%
Total Households	17,494	746	4.3%

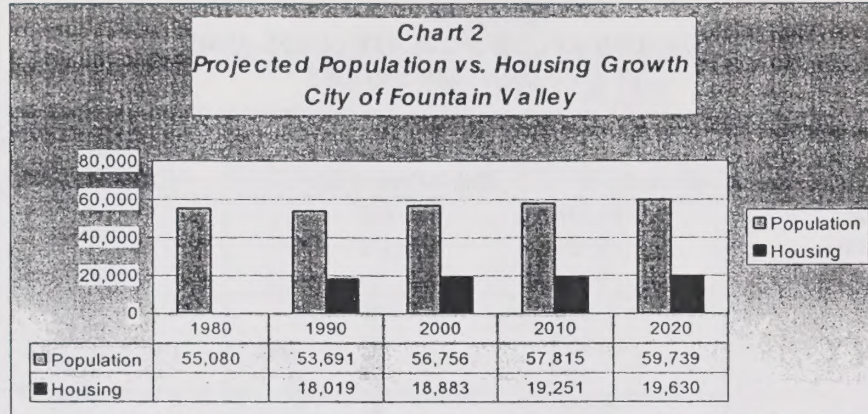
Source: 1990 Census

D. HOUSING INVENTORY AND MARKET CONDITIONS

This section summarizes the housing inventory in the City of Fountain Valley and prevailing market conditions. Analysis of past trends in the housing stock provides a method of projecting the future housing needs of Fountain Valley.

1. Housing Stock Profile

Data from the US Bureau of Census and State Department of Finance indicate that the housing stock in the City increased by 213 units between 1990 and 1999 at a rate of just 1% over the ten-year period. Orange County increased its stock by 9%, or 79,777 units, while other local jurisdictions increased their stock by 3% to 4%. Chart 2 depicts historic and projected trends in population growth compared to housing growth in Fountain Valley. The Chart illustrates that unlike most other Orange County jurisdictions, Fountain Valley housing construction is predicted to grow in step with population.



Source: Center for Demographic Research (CDR), Population and Housing Projections 1999

Fountain Valley's proportionally smaller increase in housing stock during the 1990's may be attributed to decreased demand during recession years, and near-capacity build-out, as well as its decrease in population in the 1980's and the early 1990's. This population loss and comparatively small new construction record may also be explained by broader countywide trends that suggest: (a) fertility rates are declining in the County after peaking in 1990; (b) a net-out domestic migration of Orange County residents attributed to more affordable housing found outside Orange County; and (c) a growing number of people reaching retirement age who move to other areas outside the County, i.e. the Inland Empire.

When the City's population began to rebound after 1991, followed by a slight decline and then steady increase again after 1995, then-new residents to the City would have had little difficulty finding resale homes for purchase. Since Fountain Valley's vacancy rate remained the same during each year in the 1990's (3.40% vacant), the slight rise in occupancy rates and negligible increase of new City residents reconciles the relatively few number of units created.

In pace with 1990 to 1999 population and housing patterns in the City, recent projections by the Center for Demographic Research (CDR) illustrate an unsubstantial increase in both residents and housing units in the City over the next decade. Chart 2 displays housing and population trends from 1990, with forecasts through 2010. While the CDR projections provide solid empirical evidence, it is quite certain, and should be duly noted that Fountain Valley will have a role in sharing responsibility for the burgeoning population boom created by Orange County's late 1990's economic success. This may slightly increase the population to housing ratio beyond CDR projections.

Table 11 indicates that numerically, the number of housing units increased by 213, or 1% between 1990 and 1999. These and other data indicate that there are still an adequate number of housing units available in the City for its current population. Despite the apparent availability of units, it is important to determine whether local levels of housing are keeping pace with the *special needs* and *affordability characteristics* of the overall demand. An evaluation of the adequacy of a community's housing stock needs to consider the type and size of housing provided to meet the specific needs of the community, as well as the affordability of these units.

City of Fountain Valley

HOUSING ELEMENT UPDATE

TABLE 11
REGIONAL COMPARISON OF TOTAL HOUSING STOCK 1990-1999
CITY OF FOUNTAIN VALLEY

Area	1990	1995	1999	% Change 1990-99
Orange County	875,105	915,867	954,882	9%
Fountain Valley	18,019	18,073	18,232	1%
City of Costa Mesa	39,611	40,400	40,611	3%
City of Huntington Beach	72,736	74,156	75,760	4%
City of Santa Ana	75,000	75,140	74,932	0%
City of Westminster	25,892	26,096	26,642	3%

Source: Department of Finance January Official Estimates 1990, 1995, 1999.

Table 12 describes housing vacancy by tenure and number of bedrooms. Analysis of the housing stock as per 1990 Census reports, indicates that fully 74% (13,365) of Fountain Valley's total housing units are comprised of three bedrooms or more, with 15% (2,693) of the stock comprised of two bedroom units. Census statistics indicate that there were 3.18 persons per owner-occupied unit, and 2.73 persons per renter-occupied unit. Assuming similar trends during this planning period, the City's housing stock appears to provide an adequate proportion of housing units with three or more bedrooms to meet the needs generated by large families. The majority of these units, however, are ownership units, and therefore financially unattainable for many lower-income renter households.

TABLE 12
HOUSING VACANCY BY TENURE AND HOUSING TYPE 1990
CITY OF FOUNTAIN VALLEY

Category	Total	Housing Type			%
	Number	0 & 1 Bedroom	2 Bedrooms	3+ Bedrooms	
Year Round Housing	18,019	1,961	2,693	13,365	100%
Occupied Units	17,407	1,795	2,499	13,113	97%
- Rental Units	4,326	1,401	1,227	1,698	24%
- Ownership Units	13,081	391	1,272	11,415	73%
Total Vacant	612	166	194	252	3%
- Vacant for Rent	372	N/A	N/A	N/A	2%
- Vacant for Sale	121	N/A	N/A	N/A	1%
- Other Vacant/Seasonal	41	N/A	N/A	N/A	0%

Homeowner Vacancy Rate: .9%

Rental Vacancy Rate: 7.9%

Source: 1990 Census

Housing Stock

According to California Department of Finance (DOF) counts, there were 18,232 housing units in the City in 1999. Table 13 summarizes the city and countywide composition of the housing stock for the years 1990 and 1999.

TABLE 13
COMPOSITION OF HOUSING STOCK BY UNIT TYPE 1990 – 1999
CITY OF FOUNTAIN VALLEY

Type	Fountain Valley				Orange County			
	1990	Percent	1999	Percent	1990	Percent	1999	Percent
SF detached	12,224	68%	12,386	68%	434,510	50%	477,927	50%
SF attached	2,092	12%	2,116	12%	104,423	12%	108,831	11%
MF (2-4 units)	462	3%	462	3%	82,892	9%	87,316	9%
MF (5+ units)	2,852	16%	2,852	16%	221,435	25%	249,012	26%
Mobile Homes	389	2%	416	2%	31,844	4%	31,796	3%
Total	18,019	100%	18,232	100%	875,104	100%	954,882	100%

Source: Department of Finance Population & Housing Estimates January 1990, 1999.

Single-family detached units comprise an estimated 68% of housing units in 1990 and 1999, while housing classified as larger multi-family units (5+ units) comprised 16% of the total. Apartment complexes with 5 or more units constitute the majority of the multi-family housing in the City. These complexes are located throughout the City, with the highest zoned densities generally located in the central and northeast areas of the City. Further analysis of the status of the housing stock reveals that 2,410 of the units in the City are condominium properties, which are largely comprised of one and two bedroom units.

In terms of actual numbers of dwelling units in the City, the data suggest that the stock of detached and attached single-family units and mobile homes increased slightly between 1990 and 1999, while the number of multi-family units did not increase. Since multi-family homes are usually renter tenured, this pattern of new construction is not atypical for Fountain Valley, considering that 75% of City units are owner occupied. During the coming planning period, the City will pursue maintaining and/or creating more affordable rental options for those households unable to purchase homes.

2. Tenure

Most housing units in Fountain Valley are owner-occupied (75%). The majority of ownership units are single-family detached, with 70% falling into this classification. Ten percent of the City's housing stock is offered as single-family detached rentals. About 15% of the housing stock is comprised of multi-family rental units, compared to just 1% of the housing stock being comprised of multi-family units under ownership status.

While overall homeownership has continued to increase in the nation, the relative pace in California was below the rate of increase at the national level (2.2% in California). Based on the most recent Current Population Survey (CPS) conducted by the Census Bureau in 1997, overall homeownership within the State is approximately 57% (California Statewide Housing Plan 1998).

The 54% homeownership rate in the Greater Los Angeles region, including Orange County, was among the lowest in the State, a result of the extremely high cost of housing in Southern California. At 75%, the City of Fountain Valley's ownership rate has, however, been greater than the regional and national rates. This could be attributed in part to the fact that many residents of the City had the opportunity to buy the land they live on during the 1960's and 70's, before land speculation skyrocketed Orange County land and housing prices in the late 1970's and early 1980's. The main challenge for the City of Fountain Valley during this and coming planning periods is to maintain ownership opportunities for lower and moderate income citizens who will compete with other potential homeowners in a housing market with limited numbers of housing at affordable prices. Table 14 identifies occupied housing units by tenure.

TABLE 14
OCCUPIED HOUSING UNITS BY TENURE 1990
CITY OF FOUNTAIN VALLEY

<i>Type</i>	<i>Owner-Occupied Units</i>		<i>Renter-Occupied Units</i>		<i>Total</i>
	<i>Number</i>	<i>Percent ¹</i>	<i>Number</i>	<i>Percent ¹</i>	
Single-Family	12,318	71%	1,807	10%	14,125
2-4 Multi-family	68	0%	412	2%	480
5 or more Multi-family	235	1%	2,082	12%	2,317
Mobile Home	358	2%	15	0%	373
Other	102	1%	10	0%	112
Total	13,081	75%	4,326	25%	17,407

¹ Represents proportion of total housing units.

Source: 1990 Census, Summary Tape File 3A.

3. Vacancy Rates

The vacancy rate is a measure of the general availability of housing. It also indicates how well the available units meet the current housing market demand. A low vacancy rate suggests that households may have difficulty finding housing within their price range; a high vacancy rate may indicate either the existence of a high number of units undesirable for occupancy, or an oversupply of housing units. The availability of vacant housing units provides households with choices on different unit types to accommodate changing needs (i.e., single persons, newly married couples and elderly households typically need smaller units than households with school age children). A low vacancy rate may serve to increase market rents and housing costs, as shortages tend to result in higher prices and may limit the choices of households in finding adequate housing. It may also be related to overcrowding, as discussed in later sections.

The 1990 Census indicated a vacancy rate of just over 3% for the City of Fountain Valley. The Regional Housing Needs Assessment (RHNA) prepared by SCAG in 1999 identifies a target vacancy rate of 3.1% for its member jurisdictions. However, a vacancy rate of between 3% and 5% is considered normal, so that it ensures the continued upkeep of rental properties and keeps housing costs stable.

Fountain Valley's vacancy rate has remained steady during the 1990's, and at 3.4%, remained unchanged between the reporting years 1990 and 1999. For Orange County cities, Fountain Valley's vacancy rate was among the lowest.

4. Age of Housing Stock

Most of the City's current housing stock was constructed between 1960 and 1990. Nearly half of all residences in the City were constructed during the 1970's, with almost 90% of all units built before 1980.

TABLE 15
AGE OF HOUSING STOCK
CITY OF FOUNTAIN VALLEY

<i>Year Built</i>	<i>Number of Units</i>	<i>Percent of Units</i>
Before 1940	42	0.2%
1940 – 1949	52	0.3%
1950 – 1959	294	1.6%
1960 – 1969	7,416	40.7%
1970 – 1979	8,451	46.3%
1980 – 1990	1,764	9.7%
1990 – 1998	216	1.2%
Total	18,235	100.0%

Source: 1990 Census, STA-3A.; City of Fountain Valley Planning Department

5. Housing Conditions

Housing is considered substandard when physical conditions are determined to be below the minimum standards of living, as defined by Section 1001 of the Uniform Housing Code. Households living in substandard conditions are considered as being in need of housing assistance even if they are not actively seeking alternative housing arrangements. The City conducted a survey of units requiring rehabilitation in 1999. A total of 3,642 units were observed based on a windshield survey. Of these, 327 were ranked as requiring substantial rehabilitation or replacement, 297 required moderate rehabilitation, and 529 required minor rehabilitation. The majority of substandard units and the units needing repair or replacement are located in the Helm area, and in the La Colonia tract. As well, a 1998 survey of neighborhoods identified one residential neighborhood, known as La Colonia (or the Colony), which exhibited not only a proportion of units in need of rehabilitation, but also the need for community development programs such as the Neighborhood Watch program and Community Service/Recreation programs, correction of a range of code enforcement violations, infrastructure improvements. In response to the issues found in the La Colonia neighborhood, the City developed the Neighborhood Improvement and Community Enhancement (NICE Neighborhoods) program. The Planning Commission

and City Council have targeted the above areas for redevelopment and refurbishment. As such, the City has sponsored several community-involvement programs in these targeted areas designed to rehabilitate and clean up needy and "transitional" areas. Programs conducted thus far, such as the two-day neighborhood cleanup effort in the La Colonia area of the City during which the City provided bins for trash hauling, have been overwhelming successes. Short of comprehensive neighborhood redevelopment efforts, this and other action-based programs such as the tool-lending program for minor home repairs, will continue to be beneficial to the City at minimal cost.

In addition to structural deficiency and standards, the lack of certain infrastructure and utilities often serves as an indicator of substandard conditions. These types of problems have not been as pronounced in Fountain Valley as some other Orange County jurisdictions, but exist for a small number of residents nonetheless. According to the 1990 Census, there were 21 units lacking complete plumbing facilities, and 212 units lacking complete kitchen facilities. The majority of these insufficiencies occurred in renter households. Overcrowding (more than one person per room), which is a major contributor to dilapidated housing condition, was not as prevalent in the City as some other jurisdictions, but still numbered 350 households with such conditions (SCAG, 1999).

6. Rooms Per Unit

Table 16 shows the number of bedrooms per unit by tenure, ranging from studio units to units with four or more bedrooms. Rental units include traditional apartment communities, as well as single family homes offered for rent by the owner. The majority of rental units, about 28.4%, are 2 bedroom, followed closely by one-bedroom units at 27.6%. Within the rental unit category, there appears to be a variety of options for small and large families alike, as evidenced in the even distribution of bedroom sizes available to those households. Only studios were relatively scarce, although renters seeking this option could meet their needs with an abundance of one-bedroom units. Nearly 40% of units rented in the City had 3 or more bedrooms at the time of the Census, which could meet the demand of larger families.

TABLE 16
BEDROOMS PER UNIT 1990
CITY OF FOUNTAIN VALLEY

<i>Type of Unit</i>	<i>Renter Occupied</i>		<i>Owner Occupied</i>		<i>Vacant</i>	<i>TOTAL</i>	
	<i>Number</i>	<i>% of Rental</i>	<i>Number</i>	<i>% of Owner</i>		<i>Number</i>	<i>% of Total</i>
Studio	207	4.8%	33	0.3%	10	250	1.4%
1 Bedroom	1,194	27.6%	361	2.8%	156	1,711	9.5%
2 Bedroom	1,227	28.4%	1,272	9.7%	194	2,693	15.0%
3 Bedroom	938	21.7%	4,062	31.1%	123	5,123	28.4%
4+ Bedroom	760	17.6%	7,353	56.2%	129	8,242	45.7%
TOTAL	4,326	100.1%	13,081	100.1%	612	18,019	100%

Source: 1990 Census, Summary Tape File 3A.

The distribution of bedrooms among owner occupied units was favorable for large families as well. In fact, 56% of all owner occupied units had four bedrooms or more. Thirty-one percent had three bedrooms or more, while less than 10% were two-bedroom units. Studios and one-bedroom units numbered few in the City, perhaps because of the affluent, familial characteristics of the City, in which growing families might move from a smaller apartment into larger sized houses as children are born and grow. Overall, the distribution of bedrooms in Fountain Valley is favorable for normal and large sized

families seeking both rental units and home purchase opportunities. In this and future planning periods, the City might seek to increase its overall stock of purchase units affordable to lower income families and those that work in the City.

7. Housing Costs and Rents

This section discusses resale costs of existing housing, as well as the average rental prices in the City. The information provided was obtained from reliable real estate industry data sources, the 1990 Census, and data provided by the City.

Existing and New Home Price Trends

The City of Fountain Valley, as the rest of Southern California, experienced a drop in existing and new home prices in the early 1990s following a price peak in 1989/90. Since the early 1990's recession, market costs are continuing to rise, marked by an 11.6% increase in price between November 1998 and January 2000. In some neighborhoods, resale prices are now exceeding prior 1989/90 peak prices. Table 17 lists the value of existing housing units in the City in 1990. The 1990 Census documents a median housing unit value of \$286,300 in Fountain Valley, well above the County median of \$250,300 the same year. The values indicate that just 12% of the houses were valued at less than \$200,000; 15.5% were valued between \$200,00 and \$250,000, 31% were valued between \$250,000 and \$300,000, while nearly 42% were priced at \$300,000 and above. The majority of units (77.4%) were valued between \$200,000 and \$400,000.

City of Fountain Valley
HOUSING ELEMENT UPDATE

TABLE 17
HOUSING VALUES 1990
CITY OF FOUNTAIN VALLEY

Price Range	Number of Units	Percent of Total
\$15,000 - \$59,999	131	1.1%
\$60,000 - \$74,999	18	0.2%
\$75,000 - \$99,999	28	0.2%
\$100,000 - \$124,999	104	0.9%
\$125,000 - \$149,999	243	2.0%
\$150,000 - \$174,999	373	3.1%
\$175,000-\$199,999	547	4.6%
\$200,000 - \$249,999	1,846	15.5%
\$250,000 - \$299,999	3,683	30.9%
\$300,000 - \$399,999	3,700	31.0%
\$400,000 - \$500,000	1,074	9.0%
\$500,000+	188	1.6%
Total	11,935	100.0%
Median Value:	\$286,300	

Source: 1990 Census.

When looking at housing value, the 1990 Census is useful because it provides a breakdown of price ranges, as well as units within each price range. However, contemporary data is available through countywide surveys gathered by private data firms, and published in local media. A January 2000 survey compiled by Acxiom/DataQuick lists Fountain Valley's current median home price at \$293,000, and Orange County's median home price at \$263,000. Analysis of Multiple Listing Service (MLS) data published in January 2000 indicates an average home price range in the City, from \$138,000 to \$475,000. Comparing the City's median with the County's illustrates that while the gap has closed slightly between County and City, the price of homes in Fountain Valley remains significantly greater than the county median, and beyond affordability for many families.

According to the MLS data, the average resale unit was built in 1969, has three bedrooms/two baths, is 1,757 square feet, and costs \$157/square foot. Larger homes over 2,000 square feet are generally listed over \$250,000. The majority of homes were built in the late 1960's and early 1970's. Most resale pricing, and the distribution of smaller and larger homes is fairly consistent throughout the City, although there are some size and cost characteristics associated with location which should be considered.

The average asking price for a resale home in the City varies depending on the type and location of the unit. Table 18 shows representative resale single-family detached and condominium home prices and associated size ranges for houses listed on the market in January 2000.

TABLE 18
RESALE HOME PRICES 2000
CITY OF FOUNTAIN VALLEY

<i>Type of Unit</i>	<i>Location</i>	<i>Average Size (Sq. Ft.)</i>	<i>Price Range</i>	<i>Average Sales Price</i>
Single-Family	East of 405 Fwy, south of Edinger to Warner, west of Mile Square Park	1,520 – 2,524	\$243,000 - \$400,000	\$310,500
Single Family	Area just north of Mile Square Park, and East to Santa Ana border	986- 2,812	\$138,000 - \$360,000	\$232,000
Single Family	South of Warner to H.B. border, between Newland and Brookhurst	1,074 – 3,016	\$184,000 - \$475,000	\$307,000
Single Family	Between Brookhurst and Santa Ana River, from Warner to Garfield	1,144 – 2,912	\$165,000 - \$407,500	\$251,500
Condominiums	Citywide	702- 1,300	\$91,000 - \$145,000	\$122,000

Source: Real Estate Multiple Listing Service, January 2000

In general, homes located west of Mile Square Park between Edinger and Warner are larger, and priced over \$240,000, with average prices around \$310,500. Homes just north and east of Mile Square Park to the Santa Ana border are typically smaller, slightly older, but more affordable than other areas in the City, with many units affordably priced within regionally established affordability guidelines.

Homes south of Warner, to the Huntington Beach border and between Newland and Brookhurst contained the most diversely sized and priced units, with 1,000 to 3,000 square foot condominiums and homes priced from \$184,000 to \$475,000. In the central part of the City between Brookhurst and the Santa Ana River, from Warner to Garfield, home prices range from \$165,000 to \$407,500, with the average resale price at \$251,500.

While not well suited to large households, condominium resale homes offer a range of options for younger and/or smaller families. Priced at about \$127 per square foot, condominiums offer a more affordable housing alternative than the average priced single-family house, priced at \$157 per square foot. Most condominiums offered in the City were built in the mid-1980's, shortly after which condominium production countywide slowed in favor of single-family detached units amidst an industry perception that the condominium market was too "soft." This perception was not entirely accurate though, and a contemporary resurgence in condo production and demand has occurred in response to high land and building costs. There were 209 condos sold in Fountain Valley in 1999 at a wide range of prices. Two bedroom, two bath condos comprised the greatest proportion of available units, and generally cost between \$80,000 to \$299,000, with most sold at prices between \$120,000 to \$249,000.

The City has experienced limited new home development since 1996, consisting of three small residential single-family unit tracts. The latest development, Hampton Place, was constructed in 1998. The project represents a 59 unit move-up housing subdivision with sales costs ranging from \$359,990 to \$450,000. Two other single family detached subdivisions were completed in 1997 and 1996 respectively. Although specific sales prices are not available at this time, the units all sold at market rates affordable only to Above Moderate-income households. Due to the limited new residential development in the City, all at Above Moderate-income affordability, the average price of a new home over the past ten-year

City of Fountain Valley
HOUSING ELEMENT UPDATE

period implies that affordable ownership opportunities are needed. The available supply of resale units in the City shall serve as the primary basis for analysis of cost of housing and its relationship to ability to pay.

TABLE 19
REPRESENTATIVE HOUSING PRICES 1999
CITY OF FOUNTAIN VALLEY

<i>Development</i>	<i>Base Price Range</i>	<i>Square Foot Range</i>	<i>Price per Square Foot</i>
New Detached Products			
Hampton Place	\$359,990	2,284 sq. ft.	\$158
Hampton Place	\$417,990-\$423,990	2,799 sq. ft.	\$149
Hampton Place	\$425,000- \$450,000	2,995 sq. ft.	\$142 - \$150
Existing Resale Attached Products			
1 BR, 1 bath Condo	\$97,500	692	\$141
2 BR, 1½ bath Condo	\$124,900	1,017	\$123
3 BR, 2½ bath Condo	\$219,900	1,656	\$133
4 BR, 2½ bath Condo	\$224,900	1,478	\$152
2 BR, 1¼ bath Town House	\$169,900	1,155	\$147
3 BR, 3 bath Town House	\$255,000	1,690	\$151
Existing Resale Detached Products			
2 BR, 1 bath SF home	\$250,000	624	\$401
3 BR, 3 bath SF home	\$499,900	3,964	\$126
4 BR, 2½ bath SF home	\$315,000	1,943	\$162
4 BR, 3 bath SF home	\$398,888	2,268	\$176
5 BR, 3 bath SF home	\$575,000	3,312	\$174
5 BR, 3½ bath SF home	\$419,990	3,142	\$134
7 BR, 4 bath	\$442,500	3,000	\$148

Source: Multiple Listing Service sponsored by www.househunt.com, January 2000.

Table 20 shows the monthly house payment calculated for the average priced existing and new home. This information is useful in determining the affordability of home purchases. In calculating the payments, 10% down and a 30-year mortgage was assumed. The prevailing mortgage rate of 7.5% was used in the calculation. It should be noted that the following monthly payments include a 1% property tax and mortgage insurance payment, which incrementally increase the cost of owning a home an additional percentage over the monthly mortgage cost.

TABLE 20
MONTHLY MORTGAGE PAYMENTS FOR RESALE AND NEW HOMES
CITY OF FOUNTAIN VALLEY

<i>Interest Rate</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>
Purchase Price	\$105,000 ¹	\$125,000 ³	\$170,000 ¹	\$250,000 ¹	\$404,000 ²
Down Payment	10%	10%	10%	10%	10%
Loan Amount	\$94,500	\$112,500	\$153,000	\$225,000	\$363,600
Monthly Principal and Interest	\$660	\$787	\$1,070	\$1,573	\$2,542
Estimated Monthly Property Tax & Insurance ¹	\$103	\$135	\$172	\$253	\$407
Total Housing Expense	\$773	\$922	\$1,242	\$1,826	\$2,949
Required Monthly Income	\$2,580	\$3,070	\$4,155	\$6,090	\$9,830
Required Yearly Income	\$30,960	\$36,840	\$49,860	\$73,080	\$117,960

¹ Representative Resale Price

² Representative New Home Price

³ Representative Average Condominium Price

Rental Prices

The 1990 Census reports the median contract rent of all rental units in the City at \$893 per month. Table 21 lists the rental ranges per the 1990 Census and the number of units that rented for within that particular price range.

TABLE 21
RENTS BY NUMBER OF BEDROOMS 1990
CITY OF FOUNTAIN VALLEY

<i>Range</i>	<i>Studio</i>	<i>1 Bedroom</i>	<i>2 Bedroom</i>	<i>3 Bedroom +</i>	<i>Total</i>	<i>% Total</i>
\$0-\$499	10	28	37	35	110	2.6%
\$500-\$749	108	714	81	124	1,027	23.8%
\$750-\$999	58	369	993	311	1,731	40.2%
\$1,000 +	31	79	99	1,171	1,380	32.0%
No Cash Rent	0	4	17	39	60	1.4%
TOTAL	207	1,194	1,227	1,680	4,308	100%

Source: 1990 Census, Summary Tape File 3A.

Multi-Family Market Characteristics

Current multi-family market characteristics provide an indication of the relative distribution of unit sizes, average rents, and number of units. A survey of representative apartment units in the City was conducted in January 2000. Table 22 lists the rental ranges of selected units by number of bedrooms. As of February 2000, the average monthly rent for multi-family units was \$1,036. Table 22 summarizes rental market characteristics for Fountain Valley apartment complexes.

TABLE 22
APARTMENT UNITS BY BEDROOM SIZE AND PRICE RANGE 2000
CITY OF FOUNTAIN VALLEY

<i>Apartment Complex</i>	<i>1 Bedroom</i>	<i>2 Bedroom</i>	<i>3 Bedroom</i>	<i>Total Units</i>
	<i>Price</i>	<i>Price</i>	<i>Price</i>	
Sycamore Valley	\$895-970	\$1,100-1,200	N/A	438
Pacific Woods	\$835	\$1,025-\$1,085	N/A	232
Valley Park	N/A	\$865	\$1,219	160
Crystal Springs	\$910-940	\$1,075-1,200	N/A	316
Corte Bella	\$925-950	\$1,125-1,290	N/A	251
Fountain Village	N/A	\$875-990	N/A	48
Windemere	\$845	\$995-1,045	N/A	182
La Paz	\$800-810	\$900-\$1,075	N/A	115
Guadalupe Manor	Income-based	N/A	N/A	71
Park Pacific	\$845	\$995-1,045	N/A	472
Carmel Retirement Village	\$1,500-2,170	N/A	N/A	189
Parkhurst Retirement Home	\$769-950	N/A	N/A	106
Grande	\$780	\$995-1,050	N/A	120
Average Price	\$863	\$1,000-1,054	\$1,219	2,700

Source: City of Fountain Valley Department of Housing and Community Development, February 2000

The table does not include single-family homes for rent. On average, the rental prices of two bedroom units tend to be \$137 to \$191 dollars higher than the one-bedroom units, although there is some overlap in pricing. Overall, one-bedroom units are priced around \$863. Two bedroom units range an average \$1,000 to \$1,054 per month. Only one major apartment complex in the City offers three bedroom units, for \$1,219 per month.

Statistics on only five single-family rental units were available in April 2000. Rents ranged from \$1,150 to \$1,395 for a two-bedroom unit to above \$2,000 for three and four bedroom units. These rents tend to exceed the rents asked for the majority of rental units offered in apartment complexes. It appears as if single family rental units do not serve as an affordable housing option.

8. Housing Affordability Gap Analysis

Historically, the private sector responds to the majority of the community's housing needs through the production and resale of market-rate housing. However, the percentage of the population on a statewide basis who can afford market rate housing is declining. This problem is especially pronounced in Orange County, which finished last in the nation among the largest 45 Metropolitan Statistical Areas (MSA's) in a 1999 affordability study by the Center on Budget and Policy Priorities. The study found that in addition to the low rate of home ownership and the high cost of housing in the County, 4 low-income renters compete for every 1 low cost apartment, the highest rate in the nation; the national average was 1.7 to 1.

To determine affordability, the costs of home ownership and renting can be compared to a household's ability to pay for housing. A household's ability to pay is based on its economic status relative to the region's median income, which in Orange County in 1999 was \$68,300, based on a family of four.

Table 23 identifies maximum affordable rents and purchase prices by income category for both a family of four and a single person household, based on 30% of income expended. The range of maximum affordable housing costs is adjusted for households with two, three, or more than 4 persons. With

respect to rent, renters may be required to pay for water, sewer and trash pickup costs in addition to the usual electric, gas and phone. Calculation of the 30% "overpayment guideline" does not, however, include allowance for utilities, which may impose additional costs to the renter of between \$50 and \$100 per month. Subsequently, the addition of these costs may cause a rental unit that would otherwise be affordable to become a condition of overpayment for the lower-income renter.

TABLE 23
1999 MAXIMUM RENT AND PURCHASE PRICE BY INCOME CATEGORY
CITY OF FOUNTAIN VALLEY

<i>Income Category</i>	<i>Annual Income ¹</i>	<i>Maximum Affordable Rent Payment ²</i>	<i>Maximum Affordable Purchase Price ³</i>
Four Person Household			
Very Low (> 50%)	\$34,150	\$854	\$105,000
Low (51-80%)	\$34,141-54,640	\$1,366	\$170,000
Moderate (81-120%)	\$54,641-81,959	\$2,049	\$250,000
Above Moderate (> 120%)	> \$81,960	> \$2,049	> \$250,000
Median	\$68,300		
Single Person Household			
Very Low (> 50%)	\$23,000	\$598	\$80,000
Low (51-80%)	\$23,900-38,240	\$957	\$130,000
Moderate (81-120%)	\$38,241-\$57,360	\$1,434	\$175,000
Above Moderate (120%)	> \$57,360	> \$1,435	> \$175,000
Median	\$47,8000		

¹ Based on HUD income limits, January 1999.

² Calculated as 30% of income divided by 12 months.

³ Assumes 10% down payment, a 7.5% interest rate and tax and homeowners insurance.

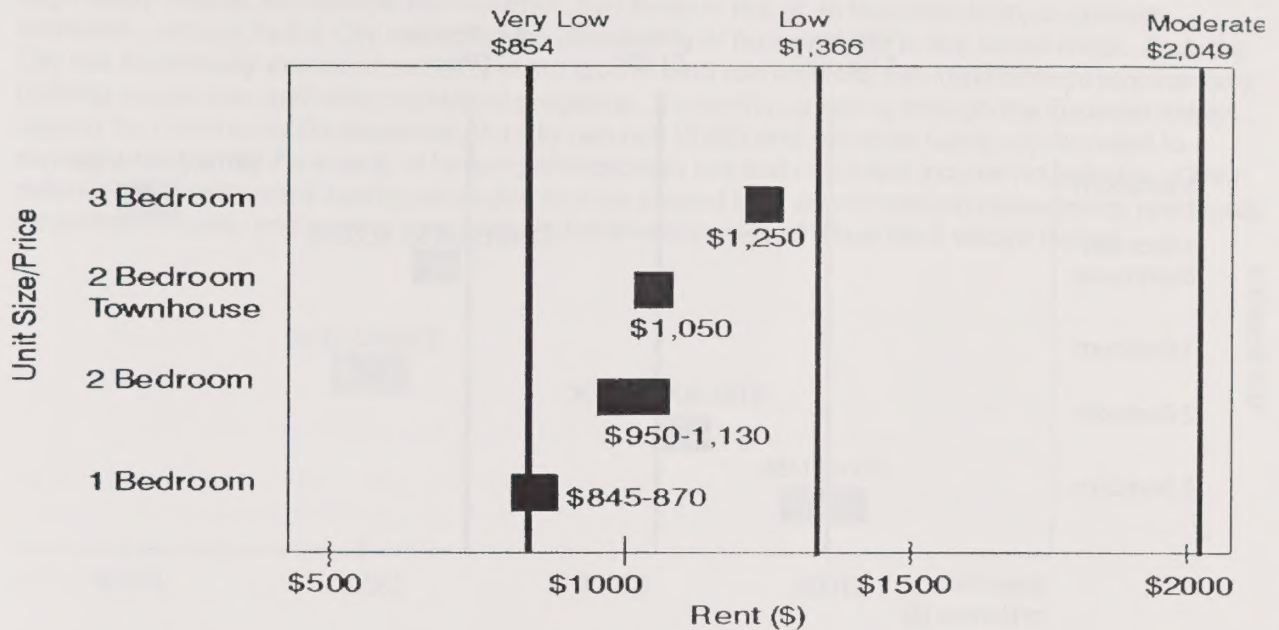
Source: The Planning Center, 1999

In the case of purchase, the 30% threshold includes payment on principal and interest, and an assumed 1.25% allocation for taxes and homeowner insurance. In actuality, taxes and insurance may sometimes exceed the assumed 1.25%. A 10% down payment and a 7.5% interest rate is assumed, reflecting 1999/2000 market conditions.

Rental Analysis

On the surface, it appears as though the market can satisfy the comprehensive rental housing needs for the majority of Fountain Valley households. With the average rental unit in the City priced at \$1,003 in 1999, rental housing in the City can generally be considered affordable for those families annually earning 50% of the County median (\$68,300 in 1999) and above. Rental prices in fact are within the means of most City residents, with the exception of those families with Very Low incomes (<50% County median), who can afford a maximum \$854 monthly payment, and the lower range of those households with low incomes, (between 50 and 80% of the median) who can afford between \$854 and \$1,000 per month. Chart 3 illustrates maximum affordability thresholds for Very Low, Low and Moderate income households, compared with actual rental prices in the City.

Figure 1
Maximum Rent by Income Category

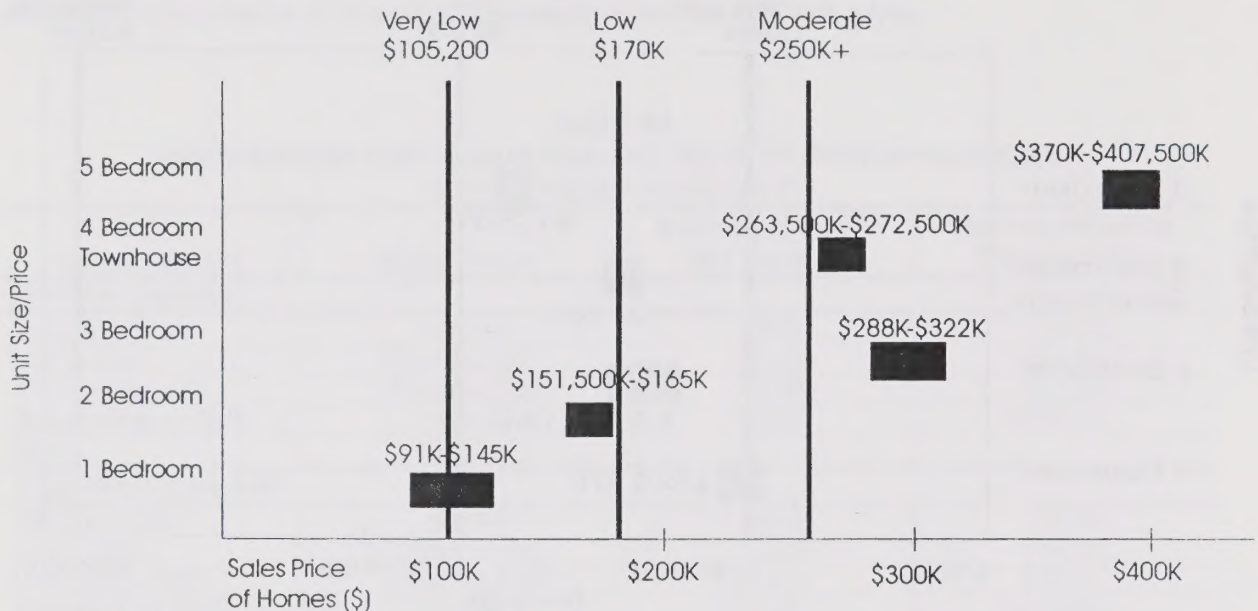


But more detailed analysis indicates that the rental market in Fountain Valley faces similar affordability challenges as Orange County. Since income categories are based upon a four-person household, those with very low incomes—who can afford an \$854 monthly rental payment without overpayment—can only afford to rent a one-bedroom unit in the City, which HUD and HCD have determined is not acceptable for a four-person family. To avoid overcrowded conditions (more than one per room), a family of four must find housing with 3 rooms or more, making the Fountain Valley rental market challenging for lower income families. Smaller households in the lower income category face similar challenges as well, and also have few rental options available to them apart from boarding or sharing rental expenses with roommates, which may result in overcrowded conditions.

Ownership Analysis

Comparison of the 1999 maximum affordable purchase price with actual housing values indicates that housing is generally affordable to those with above moderate incomes. Chart 4 highlights maximum purchase prices, overlaid with actual City housing prices (4th quarter 1999).

Figure 2
Maximum Purchase Price of Home by Income Category



The Purchase Affordability Chart shows that only one- and two-bedroom units were affordable to lower income households. But, when considering that affordability limits are based on a family of four, and that HCD and HUD have suggested that more than one person per room creates overcrowding, this puts home ownership out of reach for any size household making less than 80% of the median. The median priced house (\$293,000 Jan 2000) was affordable only to those households earning well above the County median. This suggests a need for augmenting home ownership opportunities for those households with incomes around and below the County median (\$68,300/year).

Summary

Historically, the provision of affordable housing has been almost exclusively a function of the public sector. Market rate housing has not been, overall, affordable to households other than the upper ranges of moderate-income households (80% to 120% of Median County income) and above moderate income households (120% plus). With the cost of housing increasing at a rate faster than the increase in income, more people are being eliminated from the "starter" home market. Even with the recent low interest rates, home purchase still requires a sizable down payment and cash closing costs. Additionally, a prospective home buyer's monthly gross income must be sufficient to accommodate the monthly mortgage, interest, taxes, insurance and utilities without exceeding 30% of her monthly gross income for household expenses. Fountain Valley has traditionally been an attractive area where housing is owned by many of the same owners who first purchased during the 1960's and 1970's. Today, the demand for housing in Fountain Valley continues to be strong, despite steadily increasing home prices.

City of Fountain Valley

HOUSING ELEMENT UPDATE

With the creation of the Fountain Valley Agency for Community Development, the City has become more active in the area of affordable housing, especially targeting very-low income elderly/disabled renters, large family renters, low-income homeowners, and those at risk of, in transition from, or currently homeless. Actions by the City impacting the affordability of homes occur in two broad areas. First, the City has traditionally exercised authority in the area of land use controls, site improvement requirements, building codes, fees and other regulatory programs. Secondly, by acting through the Fountain Valley Agency for Community Development, the City can use CDBG and set-aside funds appropriated to expand and improve the supply of housing affordable to low and moderate income households. Other potential Redevelopment Agency strategies include second trust deed home purchase loans, residential rehabilitation loans, and agency acquisition/rehabilitation/resale of dilapidated vacant homes.

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III. HOUSING NEEDS

The following analysis of current City housing conditions presents housing needs and concerns relative to various segments of the population.

Several factors will influence the degree of demand, or "need," for new housing in Fountain Valley in coming years. The four major needs categories considered in this element include:

- Housing needs resulting from population growth, both in the City and the surrounding region;
- Housing needs resulting from the overcrowding of units;
- Housing needs that result when households are paying more than they can afford for housing; and
- Housing needs of "special needs groups" such as elderly, large families, female-headed households, households with a disabled person, and the homeless.

Demographic and market conditions analysis indicates that the number of households at the extreme ends of the income spectrum will continue to grow ("polarization of income" phenomenon), while the traditional middle income segments' participation in the housing market will decline both in size and activity.

In terms of specific housing needs, home ownership and first time homebuyer programs will become critical for moderate to above moderate-income population in achieving home ownership. Lower income groups will need the most assistance in meeting the increasingly higher cost burdens associated with owning a home, but for the most part these groups will be unable to purchase homes in the City. In sum, since Fountain Valley has a fairly large population of affluent homeowners, greater attention needs to be placed on the affordability gap in the resale of smaller and more moderately priced homes to first time homebuyers. Attention will be placed in creating more opportunities for larger families in the rental market as well.

A. REGIONAL HOUSING NEEDS ASSESSMENT

California's Housing Element law requires that each city and county develop local housing programs designed to meet its "fair share" of existing and future housing needs for all income groups. This effort is coordinated by the jurisdiction's Council of Governments (Fountain Valley is OCCOG) when preparing the state-mandated Housing Element of its General Plan. This "fair share" allocation concept seeks to ensure that each jurisdiction accepts responsibility for the housing needs of not only its resident population, but for all households who might reasonably be expected to reside within the jurisdiction, particularly lower income households. This assumes the availability of a variety and choice of housing accommodations appropriate to their needs, as well as a certain mobility among households within the regional market.

1. Overview of the SCAG Fair Share Allocation Process

The fair share allocation process begins with the State Department of Finance's projection of Statewide housing demand for a five year period, which is then apportioned by the State Department of Housing and Community Development (HCD) among each of the State's official regions. The regions are represented by an agency typically termed a Council of Government (COG). In the six county Southern

California region, which includes Fountain Valley and all other incorporated cities and unincorporated areas of Orange County, the agency responsible for assigning these fair share targets to each jurisdiction is the Southern California Association of Governments (SCAG). In this RHNA Cycle, SCAG delegated the responsibility to assign regional shares among its member jurisdictions to the Orange County Council of Governments (OCCOG). Jurisdiction fair share allocations were prepared by OCCOG and approved by SCAG's Regional Council in 1999 to reflect the 1998-2005 planning period (see Table 24).

A local jurisdiction's "fair share" of regional housing need is the number of additional dwelling units that will need to be constructed during a given seven-year planning period. SCAG estimates each jurisdiction's future housing need in terms of four factors:

1. the number of units needed to accommodate forecasted household growth;
2. the number of units needed to replace demolitions due to attrition in the housing stock (i.e., fire damage, obsolescence, redevelopment and conversions to non-housing uses);
3. maintaining an ideal vacancy rate for a well-functioning housing market; and
4. an adjustment to avoid an over-concentration of lower-income households in any one jurisdiction.

HCD recommends a flat rate factor of 0.2% for replacement of units which may be demolished, converted to non-residential uses, or lost from the housing stock through other actions. The ideal vacancy rates are 3% to 5% as mentioned previously (SCAG, 1998). Avoiding over-impaction was accomplished in 1998 by moving each jurisdiction's fair share allocation 25% of the way toward the regional average proportion of lower income households, with the ultimate goal of achieving a regional "zero sum" of housing distribution across income levels.

The new construction need must be allocated to four household income categories used in Federal and State programs: Very Low; Low; Moderate; and Above Moderate Income, defined operationally as households earning up to 50%, 80%, 120% and more than 120% of the Orange County median income, respectively. The allocations are further adjusted to avoid an over-concentration of lower income households in any one jurisdiction. The fair share allocation must also consider the existing "deficit" of housing resulting from lower income households that pay more than 30% of their incomes for housing costs. As discussed earlier, this is the threshold used by the Federal government to determine housing affordability.

The 1998 -2005 Regional Housing Needs Allocation for the City of Fountain Valley is:

TABLE 24
FOUNTAIN VALLEY FAIR SHARE HOUSING NEEDS
1998 - 2005¹

<i>Total Adjusted Need¹</i>	<i>Very Low (17%)</i>	<i>Low (12%)</i>	<i>Moderate (20%)</i>	<i>Above Moderate (50%)</i>
305	53	37	61	154
Annual Need: 41				

¹ The 7 ½ year planning period is January 1, 1998 to June 30, 2005

Source: Regional Housing Needs Assessment, SCAG 1999

Thus, Fountain Valley's "fair share" allocation is 305 units. Considering the fact that the City is largely built-out, the challenge becomes how and where to accommodate development to meet housing need. This Housing Element will describe policies and programs that the City can utilize towards implementing this housing need allocation.

SCAG Regional Growth Forecast

In the process of making jurisdiction-specific allocations, Councils of Government must consider market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, and the housing need of farm workers. These factors are all explicitly taken into account in the preparation of SCAG's regional growth forecast, which is the basis not only for the Regional Housing Needs Assessment, but also for the Air Quality Management Plan (prepared by the South Coast Air Quality Management District) and the Regional Transportation Plan. The regional forecast of population, household and employment growth is developed every few years by SCAG using sophisticated computer models.

B. EXISTING NEEDS

1. Overcrowding

In response to higher housing prices, lower income households must often be satisfied with smaller, less adequate housing for the available money. This may result in overcrowding (see Table 25). Overcrowding places a strain on physical facilities, does not provide a satisfying living environment, and can have a multiplier effect on local neighborhoods.

The Bureau of Census defines overcrowded housing units as "those in excess of one person per room average." Overcrowding is often reflective of one of three conditions:

1. Either a family or household is living in too small a dwelling;
2. Familial household includes extended family members (i.e., grandparents or grown children and their families living with parents, termed doubling); or
3. A family is renting living space to non-family members.

Whatever the cause, overcrowding is symptomatic of greater affordability issues. Some examples of when lack of affordability promotes overcrowded conditions include:

- *large households unable to afford larger dwellings that must then move into smaller than acceptable units;*
- *older children wishing to leave home who are prohibited from doing so because they cannot qualify for a home loan and/or are unable to make rental payments; or*
- *grandparents or elders on fixed incomes who are unable to afford housing suitable for their physical handicaps, and must often move in with their grown children and families.*

TABLE 27
HOUSING COSTS: RENT AS PERCENTAGE OF GROSS INCOME
CITY OF FOUNTAIN VALLEY

	0-19%		20-29%		30% or more		Total ¹	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
OWNER HOUSEHOLDS								
Less than \$10,000	22	0.2%	20	0.2%	142	1.2%	184	1.5%
\$10,000-\$19,999	109	0.9%	101	0.8%	321	2.7%	531	4.5%
\$20,000-\$34,999	425	3.6%	199	1.7%	596	5.0%	1,220	10.2%
\$35,000-\$49,999	685	5.8%	384	3.2%	880	7.4%	1,949	16.4%
\$50,000 or more	4,257	35.8%	2,250	18.9%	1,513	12.7%	8,020	67.4%
Total Owner ¹	5,498	46.2%	2,954	24.8%	3,452	29.0%	11,904	100.0%
RENTER HOUSEHOLDS								
Less than \$10,000	0	0.0%	14	0.3%	208	5.0%	222	5.3%
\$10,000-\$19,999	0	0.0%	0	0.0%	429	10.3%	429	10.3%
\$20,000-\$34,999	23	0.5%	136	3.3%	827	19.8%	986	23.6%
\$35,000-\$49,999	162	3.9%	639	15.3%	360	8.6%	1,161	27.8%
\$50,000 or more	806	19.3%	501	12.0%	78	1.9%	1,385	33.1%
Total Renter ¹	991	23.7%	1,290	30.8%	1,902	45.5%	4,183	100.0%

¹ Represents computed, occupied housing units only.

Source: US Bureau of Census, 1990.

The majority of households in Fountain Valley pay less than 30% of their incomes on housing costs. Approximately 29% of owner-households and 45.5% of renter households paid more than 30% of their income on housing in 1990; about one-third of all households reported overpayment in 1990.

Of the total 5,354 households in the City (in all income categories) overpaying for housing, 64.5% are owner-occupants and 35.5% are renters. However, a distinction between renter and owner housing overpayment is important because, while homeowners may choose to allocate a higher percentage of their disposable monthly income on housing costs, this allocation is justified in light of investment qualities of ownership. New or young owner households may overextend themselves financially to afford a home purchase, but the owner maintains the option of selling the home and may realize tax benefits and/or appreciation in value.

Renters, on the other hand, are limited to the rental market, and are generally required to pay the rent established by that market. The discrepancy between renter and owner households is largely reflective of the tendency for year-round renter households to have lower incomes than their owner counterparts.

The table demonstrates that renter households earning less than \$35,000, which roughly corresponds to the Very Low and Low income categories, are the most impacted group in terms of overpayment. This lower income group accounted for nearly a third of all households overpaying for housing, as well as

City of Fountain Valley

HOUSING ELEMENT UPDATE

35% of all Fountain Valley renters. Although median incomes have risen, and the Fountain Valley rental market is not unreasonable, these data reflect the continued need for affordable rental housing in the City, particularly for Very Low and Low income households.

With regards to homeowners, less than 9% of lower income homeowners reported overpayment in 1990. This is not necessarily a measure of home purchase affordability, but rather a reflection of the comparatively higher incomes in the City, about \$10,000 greater than countywide. When developing policy, overpayment among the Moderate and High income categories is not as great a concern, as these income groups are better able to deal with fluctuating market pressures.

3. Special Needs Groups

State Housing Law requires that the special needs of certain disadvantaged groups be addressed. These households typically experience difficulty in securing decent, affordable housing, and are not well guarded under market conditions. The needs of the elderly, handicapped, large families, female heads of household, the homeless and farm workers are summarized in Table 28 and addressed below:

TABLE 28
SUMMARY OF EXISTING HOUSING NEEDS

<i>Overpaying Households 1999</i>		<i>Overcrowded Households 1999</i>	
Renter		Renter	
Less than 30% of MFI	301	Less than 30% of MFI	63
30-50%	400	30-50%	70
50-80%	615	50-80%	67
80-95%	280	80-95%	83
Greater than 95%	351	Greater than 95%	205
Owner		Owner	
Less than 30% of MFI	297	Less than 30% of MFI	6
30-50%	289	30-50%	0
50-80%	535	50-80%	143
80-95%	412	80-95%	39
Greater than 95%	2,277	Greater than 95%	287
Total	5,757	Total	965
<i>Special Needs Group 1990</i>		<i>Units in Need of Repair</i>	
Elderly Persons (age 65+)	3,894	Minor Rehabilitation	529
Disabled Persons (age 16+)	1,734	Moderate Rehabilitation	297
Large Families (5+ persons)	2,661	Substantial Rehabilitation	237
Female Headed Households	1,706	La Colonia	N/A
Female Headed Households with Children	989		
Farmworkers (and related industries)	151	Total In Need Of Repair	1,063

1990 Census STF3A, 1999 SCAG RHNA, 1999 Planning Department Windshield Survey

Elderly Persons

With changing demographics that indicate a "graying" of the City, the special housing needs of the elderly are an important concern in Fountain Valley. This is especially so since many retired persons are

likely to be on fixed low incomes, at greater risk of impaction, or housing overpayment. In addition, the elderly maintain special needs related to housing construction and location. The elderly often require ramps, handrails, lower cupboards and counters to allow greater access and mobility. In terms of location, because of limited mobility the elderly also typically need access to public facilities (i.e., medical and shopping) and public transit facilities.

Mature citizens also may need special security devices for their homes to allow greater self-protection. In many instances, the elderly prefer to stay in their own dwellings rather than relocate to a retirement community, and may require assistance with home repairs and manual house/yard work. In general, every effort should be made to maintain their dignity, self-respect, and quality of life.

The Orange County Area Agency on Aging conducted a study of the elderly in Orange County in 1998. The research surveyed mayors, seniors, and those working in the senior care business. All of the respondents listed housing as one of the top five concerns in the senior population. Furthermore, the study also reveals the following

- Orange County ranks eighth county in the nation with the most population of seniors of ages 65 and over.
- The number of seniors with poverty-level incomes is rising faster than the supply of low-income housing options.
- The third most frequent call to the Senior Information and Assistance Program is from seniors seeking affordable housing.
- Countywide, 18% of the senior population spends at least 58% of their annual income on rent.

Finding reliable means of transportation to medical appointments, senior centers, meal sites and shopping remain as serious problems for seniors. Many seniors lack private transportation due to physical or financial limitations.

As reported in the 1990 Census data, 3,894 City residents, or 7.3% of the total population, were 65 years of age or older, increasing to 9.2% of the population by 1997 (CDR, 1999). This indicates that the population of Fountain Valley is aging. Of the 2,139 1990 senior *households*, 1,712 (80%) were owner-occupied households, and 427 (20%) were renter occupied.

Table 29 shows the number and percent of elderly persons in Fountain Valley (65 and over) with mobility and/or self-care limitations (considered frail). Either or both of these conditions may indicate a need for supportive housing.

TABLE 29
ELDERLY MOBILITY AND/OR SELF-CARE LIMITATIONS 1990
CITY OF FOUNTAIN VALLEY

<i>Mobility and Self-Care Status</i>	<i>Male</i>	<i>% of Total in Cohort (65+)</i>	<i>Female</i>	<i>% of Total in Cohort (65+)</i>	<i>Total</i>
Mobility Limitation Only	52	1.3%	223	5.7%	275
Self-Care Limitation Only	39	1.0%	63	1.6%	102
Both-Mobility and Self-Care Limitation	120	3.1%	136	3.5%	256
Total with Limitation	211	5.4%	422	10.8%	633
Total (65+) ¹	3,894				

¹ All percentages are calculated on this figure. Refers to total persons age 65+.

Source: U.S. Bureau of Census, 1990.

Therefore, slightly less than 10% of the elderly population is in need of either transportation or comprehensive health care. To the extent that some of this particular special needs group may also have financial limitations, this Housing Element will describe policies and programs for their assistance.

In terms of delivering housing assistance, there are a number of affordable/senior housing sites in the City, including:

- Guadalupe Manor—a seventy-one (71) unit affordable (with income less than 80% County average) senior housing development constructed in 1989;
- Carmel Retirement Village—189 units, no income requirements, private payment facility constructed in 1986;
- Parkhurst Retirement Home—124 units, no income requirements, private payment facility, expanded in 1988;
- Palm Island—*under construction*, 456 units exclusively for seniors; and
- Manor Care—151 beds, skilled nursing facility for seniors.

Large Families

The 1990 Census reported 2,661 households in the City of Fountain Valley with five or more persons. Of these, there were 2,045 (77%) owner-occupied and 616 (23%) renter occupied households. Large family households require special consideration because they generally require larger dwellings with sufficient bedrooms to meet their housing needs, without overcrowding. But family households with five or more persons often face limitations in being below national poverty levels, and often experience difficulty securing adequate housing suitable for their expanded needs.

Difficulties in securing housing large enough to accommodate all members of a household are heightened for renters, because multifamily rental units are typically smaller than single family units. In

fact, there is currently one apartment complex in the City offering three-bedroom models. Large families in Fountain Valley, therefore, satisfy their housing needs mostly through the rental and ownership of single-family units, for which there appears to be sufficient stock.

Table 30 reveals tenure of housing units by number of persons in the unit. The table shows that there are more owner occupied units than renter-occupied. Owner occupants account for more than three-quarters of large households in the City, representing about 12% of all owner-occupied households. There are fewer large households occupying rental units in the City, with 616 families renting with five or more persons.

**TABLE 30
LARGE HOUSEHOLDS BY TENURE 1990
FOUNTAIN VALLEY**

<i>Number of Persons in Unit</i>	<i>Owner Occupied</i>	<i>Percent ¹</i>	<i>Renter Occupied</i>	<i>Percent ²</i>	<i>Total Occupied Units</i>	<i>Percent Total Occupied Units ³</i>
Five	1,260	62%	323	52%	1,583	7%
Six	439	21%	129	21%	568	2%
Seven or More	346	17%	164	27%	510	2%
Total	2,045	100%	616	100%	2,661	12%

¹ Total owner occupied units is 2,045. Percent of all owner-occupied units calculated on this figure.

² Total renter occupied units is 616. Percent of renter-occupied units calculated on this figure.

³ Total occupied units is 17,407. Percent of total occupied units calculated on this figure.

Source: U.S. Bureau of Census, 1990

Female-headed Households

Female-headed households warrant special concern as a special needs group because women leading families have proportionally lower rates of homeownership, lower incomes and higher poverty rates than other family compositions. According to the 1990 Census, 37 female-headed households with children were below the federally established poverty level. Table 31 indicates those female-headed households with related children, as determined by the Bureau of Census.

TABLE 31
FEMALE HEADS OF HOUSEHOLDS 1990
CITY OF FOUNTAIN VALLEY

<i>Household Type</i>	<i>Below Poverty Level</i>	<i>Citywide Total Total</i>
Female Headed Households	37	1,706
Female Headed Households with Children under 18 years	31	989
Female Headed Households with Children under 5 years	16	252

¹ Total number of family households in the City in 1990 was 17,494. Percent of total households calculated on this figure.
Source: U.S. Bureau of Census, 1990

Disabled Persons

Access and affordability are the two major housing needs of disabled persons. Access is particularly important for the physically disabled. Physically disabled persons often required specially designed dwellings to permit access within the unit, as well as to and from the site. California Administrative Code Title 24 sets forth access and adaptability requirements for the physically handicapped (disabled). These regulations apply to public buildings such as motels, employee housing, factory built housing and privately funded, and newly constructed apartment houses containing five or more dwelling units. The regulations also require that rampways, larger door widths, restroom modifications, etc. be designed which enable free access to the handicapped. Such standards, however, are not mandatory of new single-family residential construction.

The disabled, like the elderly, have special needs with regard to location. There is typically a desire to be located near public facilities, and especially near public transportation facilities that provide service to those who rely on them.

TABLE 32
DISABLED FOUNTAIN VALLEY RESIDENTS 1990
CITY OF FOUNTAIN VALLEY

Persons 16 to 64 Years	38,971
With a Mobility or Self-Care Limitation	1,101
With a Work Disability	2,184
In Labor Force	1,069
Prevented from Working	897
Persons 65 Years and Over	3,598
With a Mobility or Self-Care Limitation	633
1990 Census STF3A, "Disability of Institutionalized Persons"	

Table 32 shows that 1,734 total persons (16 years and over) in the City of Fountain Valley had a mobility or self-care limitation. The mobility or self-care limitation does not necessarily translate into a need for

specially constructed housing units, therefore making it difficult to estimate the number of disabled persons in need of housing. Additionally, 2,184 persons of working age were restricted with a work disability. Of these, 897 were prevented from working by their disability. Especially of concern, members of this group are most likely on fixed incomes, relying on federal or state relief.

Homeless Population

The Regional Housing Needs Assessment (RHNA) produced by SCAG defines homelessness as:

1. Persons who are living or staying in emergency shelters;
2. Persons who sleep outside, in makeshift shelter, in cars or transportation areas such as bus or train terminals;
3. Persons who are considered "at risk" (i.e., doubled-up, in marginal circumstances, motel population with limited stay or general relief recipients whose payments have been canceled due to "no forwarding address").

According to 1999 studies prepared by the Orange County Department of Housing and Community Development (HCD), each night there are an estimated 14,086 homeless persons in the County. Sixty-six percent of the homeless population includes persons in families with children. HCD also reported that within homeless sub-populations, there are:

**TABLE 33
ORANGE COUNTY HOMELESS
SUB-POPULATION CHARACTERISTICS**

6,093	Chronic Substance Abusers
1,539	Seriously Mentally Ill
2,482	Dually Diagnosed (suffering from both substance addiction and mental illness)
4,964	Veterans
5,149	AIDS Afflicted Persons
5,860	Victims of Domestic Violence and Their Children (estimate at any given time)
2,168	Homeless Youth
5,341	Physically Disabled

There are numerous factors that contribute to homelessness in Fountain Valley and Orange County. Difficulties in obtaining employment, insufficient education, mental illness, and substance abuse are a few of the more traditional factors. During the past 15-20 years, new factors, however, are emerging that significantly contribute to homelessness.

The trends that are largely responsible for the rise in homelessness are a growing shortage of affordable housing, and a simultaneous growth in the population of low-income renters, which has correlated with high demand and shrinking supply. Each of these factors could potentially exacerbate any of the traditional conditions, but may increasingly become stand-alone causes of homelessness.

In a 1999 national study by the Center on Budget and Policy Priorities, Orange County ranked last of 45 Metropolitan Statistical Areas (MSA's) in providing affordable housing opportunities. Compared to a national average of 1.7 low-income renters competing for every one (1) low cost apartment, four (4) Orange County low-income renters competed for each (1) low cost apartment in the County. Lack of

affordable housing, coupled with recent cutbacks in governmental social service programs, has produced a sizable population in the County at risk of homelessness.

As such, the County's Department of Housing and Community Development has annually applied for and received HUD Continuum of Care Homeless Assistance funds on behalf of the County, cities and non-profit organizations. The Continuum of Care is the County's major umbrella funding source for homeless abatement, which disperses funding to cities and non-profit groups to provide shelter and emergency care to the homeless. As a participating city in the Continuum of Care program, Fountain Valley has committed staff to the COC planning and implementation process, and has also provided to the COC Steering Committee critical information regarding the types of resources and programs it currently funds that assist the homeless. With a \$21 million 1999-2000 budget, the regional Continuum of Care program is the County's primary defense against homelessness.

One of the major problems in addressing homelessness is that it often is a transitory circumstance in a person or family's life. Similarly, where the homeless reside over time rarely falls within civic or community boundaries, and the problem must therefore be addressed regionally. As a result, presenting a quantifiable estimate of homelessness specifically for Fountain Valley is problematic and elusive. The Fountain Valley police department estimates ten (10) homeless "regulars" who appear to live most of the time within the city limits of Fountain Valley. These homeless generally congregate around Mile Square Park and the Santa Ana River bridges.

In addition to Thomas House, a transitional housing facility for Fountain Valley families, there are a variety of local non-profit organizations offering direct housing and other assistance to homeless persons. Among these are faith-based service providers, which often are the primary safety web for the homeless. And though they are often smaller in scale and services provided, these community faith-based service providers (e.g. churches) are among the City and County's most valuable resources against homelessness. Additional emergency shelter and transitional housing organizations in proximity to Fountain Valley include:

TABLE 34
FOUNTAIN VALLEY HOMELESS RESOURCES

<i>Shelter for the Homeless, Inc.</i>	which operates a 125-bed armory in Santa Ana
<i>Vietnamese League</i>	offering emergency shelter in Garden Grove
<i>The Salvation Army</i>	which offers temporary comprehensive and transitional services for 45 persons in Santa Ana
<i>Huntington Youth Shelter</i>	providing emergency shelter for youth;
<i>Gerry House West</i>	offering transitional housing for substance addicts and persons with HIV/AIDS;
<i>Orange Coast Interfaith Shelter</i>	offers emergency shelter and transitional housing for homeless families in Costa mesa
<i>Mary's Shelter</i>	transitional housing for pregnant teens;
<i>OC Rescue Mission for Men</i>	providing emergency shelter for homeless single men;
<i>Heritage House</i>	transitional housing for pregnant or parenting women recovering from substance abuse;
<i>YMCA</i>	offering transitional housing for senior women in Santa Ana;
<i>Casa Theresa</i>	shelter for pregnant women 18 and over;
<i>Annie's House</i>	HIV/AIDS shelter in Costa Mesa;
<i>Veterans Charities</i>	emergency shelter and transitional housing for veterans and veterans with children.

Farmworkers

Historically Fountain Valley's economy was linked to agriculture. Changes in the local economy to production and service-oriented sectors have virtually eliminated significant agricultural production within the City limits. Today, Fountain Valley is a well developed, suburban city, with a strong local economy based on the taxes generated from FIRE (finance, insurance, and real estate) service activity. Although Fountain Valley and Orange County are increasingly capturing major employers in Southern California, this growth is not tied to an agricultural base.

In 1990, the Census reported 151 persons in Fountain Valley employed in agriculture (or related industries). Though some remains, most land previously used for agricultural activities is currently developed or designated for commercial or residential development. As there are limited active agricultural areas in the City, there is no apparent or explicit need for farm worker housing.

IV. HOUSING CONSTRAINTS AND RESOURCES

This section of the Housing Element examines the constraints that could hinder the City's achievement of its objectives and the resources that are available to assist in the production, maintenance and improvement of the City's housing stock.

A. GOVERNMENTAL CONSTRAINTS

Governmental constraints are policies, development regulations, standards, requirements or other actions imposed by the various levels of government upon land and housing ownership and development. Although Federal and State agencies play a role in the imposition of governmental constraints, the actions of these agencies are, for the most part, beyond the influence of local government and are therefore not addressed in this document. Apart from federally determined interest rates and State Building Codes, most governmental constraints are local. Land use controls, building codes, processing procedures, and development fees are all factors that may constrain the maintenance, improvement and/or development of housing in the City.

State requirements can also add to governmental constraints. Under State law, every city must have a General Plan establishing policy guidelines for all development within the City. The General Plan is the foundation of all land use controls in a jurisdiction. The Land Use Element identifies the location, distribution and density of land uses in the City. In implementing the General Plan, the City utilizes a number of planning tools including the Specific Plan, Zoning Regulations, and Subdivision Ordinance, which must all be consistent with the General Plan.

1. Land Use Controls

General Plan

Every City must have a General Plan, a document establishing policy guidelines for all development within the City. The General Plan is the foundation of all land use controls in a jurisdiction. The Land Use Element identifies the location, distribution and density of land uses in the City. In implementing the General Plan, the City of Fountain Valley utilizes a number of planning tools including the Specific Plan, Zoning Regulations, and Subdivision Ordinance. With these documents, the City establishes more specific development standards, allowable uses, and limitations. The Fountain Valley General Plan provides for four residential land use designations in the City. General Plan residential densities are expressed as dwelling units per acre (du/ac). Table 35 illustrates General Plan residential land use categories.

**TABLE 35
FOUNTAIN VALLEY GENERAL PLAN
RESIDENTIAL LAND USE CATEGORIES
CITY OF FOUNTAIN VALLEY**

<i>Designation</i>	<i>Description</i>	<i>Max Density Range</i>
Low Density Residential	Provides for the use of single family dwelling of a permanent character and in permanent locations.	1-5 du/ac
Low-Medium Density Residential	Allows for the development of smaller lot single family residences, two-family dwellings, multi-family dwellings, and apartments.	6-10.8 du/ac
Medium Density Residential	Provides for the development of duplexes and other attached and detached dwelling units.	10.8-15 du/ac
High Density Residential	Allows for the development of multi-residential structures and other attached dwelling units.	20 du/ac
Density Bonus	Residential projects with a density up to 25 dwelling units/acre are permitted pursuant to the State density bonus law	25 du/ac

¹ Density range expressed in dwelling units per gross acre (du/ac).

Source: City of Fountain Valley Land Use Element, 1993.

Density is a critical factor in the development of affordable housing. In theory, maintaining low densities typically increases the cost of construction per unit, while higher density development lowers the per-unit land cost and facilitates construction in an economy of scale. In addition to potential for density bonus provisions, more intense residential development is achieved through a number of mechanisms, including clustering of residential development and zero lot line/small lot development, subject to City development standards. Clustering of housing can produce higher densities on a portion of land while creating space for amenities, and retaining the overall density assignment of the entire property. This method is effective when portions of the property not utilized for residential development can be developed with compatible uses, such as open space/recreation, parks, schools, public facilities and support commercial. The City's Affordable Housing designation (25 du/ac) provides the most opportunity for the development of affordable housing.

Ultimately, affordability can be correlated with permitted density of development. The State Housing and Community Development Department has established the following affordability standards based on density:

- *Very Low income* - minimum 25 units per acre
- *Low income* - minimum 18 units per acre
- *Moderate income* - minimum 8 units per acre

Developable acreage in upper density ranges allows for development of housing that is usually affordable to very low and low-income households. For example, stacked flat apartments which may be affordable to lower and moderate income households typically require densities of above 16 dwelling units per acre—depending on land costs—to be developed economically. Under the City's current land use designations however, this type of development is only achieved in areas designated High Density Residential (25 du/ac). With application of the Density Bonus provisions, minimum densities accommodating very low-income households can be achieved.

The General Plan Land Use Element's policy plan provides thirteen goals for future land utilization within the City. These goals focus in areas related to future land use, community design, economic development and quality of life.

Zoning Code

Zoning regulations serve as a key General Plan implementation tool. The City's Zoning Code accommodates a diversity of residential housing types. It allows for innovation in design standards within parameters designated in Table 37, provided the overall density and dwelling unit capacity is not exceeded. The Fountain Valley Zoning Code provides for 8 residential zones, as listed below:

- A1 General Agricultural
- AH Affordable Housing
- GH Garden Homes
- NR Neighborhood Residential
- R1 Single Family Residence
- R2 Low Density Multiple Family
- R3 Medium Density Multiple Dwelling
- R4 High Density Multiple Dwelling

Zoning, which must be consistent with the General Plan, establishes more specific development standards, allowable uses, and limitations than more general land use categories. Zoning regulations control development by establishing requirements related to height, density, lot area, yard setbacks, and minimum parking spaces. Site development standards are comparable to other community requirements and ensure a quality living environment for all household groups in the City, including special needs groups, and lower and moderate income households.

Seven of the zones have minimum living area requirements, which is a limiting factor to the creation of smaller, more affordable units in these zones. Table 36 identifies the minimum required unit size. Smaller units could provide housing for the elderly and singles, and single room occupancy units for low-income persons, including the disabled. Reduction in the minimum required unit size as an incentive to development of affordable housing is included in the new Density Bonus provisions, which will be incorporated into the Zoning Code Update to be adopted in 2001. There are no special development standards for senior housing, or secondary dwelling units contained within the Zoning Code.

IV. Housing Constraints and Resources

TABLE 36
RESIDENTIAL DEVELOPMENT STANDARDS
CITY OF FOUNTAIN VALLEY

Zone	Minimum Enclosed Living Area					
	Bachelor (S.F.)	1 Bdrm. (S.F.)	2 Bdrm. (S.F.)	3 Bdrm. (S.F.)	4 Bdrm. (S.F.)	More than 4 Bdrms.
A1 ¹	--	1,150	1,225	1,400	1,525	100 S.F. per each additional bedroom or den
AH ²	--	--	--	--	--	--
NR ¹	--	1,150	1,225	1,400	1,525	100 S.F. per each additional bedroom or den
R1	--	1,150	1,225	1,400	1,525	100 S.F. per each additional bedroom or den
R2	500	750	950	1,150	--	100 S.F. per each additional bedroom or den
R3	500	750	950	1,150	100	100 S.F. per each additional bedroom or den
R4	500	750	950	1,150	100	100 S.F. per each additional bedroom or den
RE	2,000 S.F. for all residential structures.					

¹ These districts will be eliminated in the Zoning Code Update.

² Not addressed in development standards for affordable Housing (AH) Zone

Source: City of Fountain Valley Zoning Code, 1996

Minimum lot size requirements and Zoning Code design standards such as roofing materials, architectural enhancements and landscaping can increase the costs of housing. These constraints can also be hindrances to the creation of affordable housing. To minimize these constraints, the City has established that, because of the special nature of a project incorporating affordable housing, there are no principal uses nor structures permitted as a matter of right; all affordable housing-related uses are approved by the planning commission through the conditional use procedure.

On- and Off-Site Improvements

As part of the development approval process, the City can require the provision of on-site and off-site improvements necessitated by a development, such as improvements to curbs and gutters, alleys, streets, sidewalks and streetlights, and utility under grounding. The cost of such improvements may increase the cost of development, which would ultimately be passed through to future tenants or owners. While these costs may not render a project infeasible, they contribute to the range of factors that affect the affordability of a project. On- and off-site improvement requirements do not serve as a constraint to housing in Fountain Valley, as the City is essentially built-out and its primary infrastructure and road systems are in place.

City of Fountain Valley

HOUSING ELEMENT UPDATE

TABLE 37
SUMMARY OF ZONING RESIDENTIAL REGULATIONS
CITY OF FOUNTAIN VALLEY

Zone	Permitted Uses*	Minimum Lot Area	Front	Side	Rear Thru	Building Height	Parking
A1-General Agricultural	S.F. Dwellings	43,560 S.F.	20'	5'	10'-25"	35'	2 spaces
AH-Affordable Housing	- Residential uses and supporting recreational and open space developments - Garden Homes CUP - Townhouses - Condominiums - Community apartments or Stock Cooperatives - Bungalow Courts - Apartments Houses - SF Dwellings - Mobile Homes - Family Care or Group Homes	—	—	—	—	35'	2 spaces per 1,000 feet 25% for compact cars.
R1-Single Family Residence	- S.F. Dwellings - Mobile Homes - Family Care or Group Homes (CUP)	7,200 S.F.	20'	5'	10'-25"	35'	2 spaces
NR-Neighborhood Residential	- S.F. Dwellings - Mobile Homes - Family Care or Group Homes (CUP)	6,000 S.F.	20'	5'	10'-25"	35'	2 spaces
R2-Low Density Multiple Dwelling	- One-family Dwelling - Two-family Dwellings - Multiple-Family Dwellings - Dwelling Groups - Apartment Houses - Rest Homes (CUP) - Family Day Care Group Homes (CUP)	7,200 S.F.	20'	5'	25'	35'	Back + 1 bdrm-1 garage space + ½ open space. 2 bdrm-1 garage space + 1 open space. 3 or more bdrm-2 garage spaces + ½ open space. 1 guest space
R-3-Medium Density Multiple Dwelling	- Two-family Dwellings - Multiple-family Dwellings - Dwelling Groups - Apartment Houses - Rest Homes (CUP) - Family Day Care Group Homes (CUP) - Condominiums (CUP) - Stock Co-op (CUP)	7,200 S.F.	20'	5'	25'	35'	Back + 1 bdrm-1 garage space + ½ open space. 2 bdrm-1 garage space + 1 open space. 3 or more bdrm-2 garage spaces + 1 open space. 1 guest space for each 4 units.
R4-High Density Multiple Dwelling	- Two-family Dwellings - Multiple-family Dwellings - Dwelling Groups - Apartment Houses - Rest Homes (CUP) - Family Day Care Group Homes (CUP) - Condominiums (CUP) - Stock Co-op (CUP)	10,000 S.F.	20'	5'	25'	35'	Back + 1 bdrm-Apt-1 space. 2 bdrm-apt-1½ spaces. 3 or more bdrms-2 spaces.

IV. Housing Constraints and Resources

TABLE 37
SUMMARY OF ZONING RESIDENTIAL REGULATIONS
CITY OF FOUNTAIN VALLEY

Zone	Permitted Uses*	Minimum Lot Area	Front	Side	Rear Thru	Building Height	Parking
GH-Garden Home	• Garden Homes (CUP) • Townhouses (CUP) • Condominiums (CUP) • Community Apt. Projects (CUP) • Bungalow Courts (CUP) • Apartment Houses (CUP) • Senior Citizen Developments (CUP) • Rest Homes (CUP) • Homes for the Aged (CUP)	5 acres	—	—	—	30'	Bach +1 bdrm-1 garage space + ½ open space. 2 bdrm-1 garage space +1 open space. 3 or more bdrm-2 garage spaces +1 open space. 1 guest space for each 4 units.

Source: City of Fountain Valley Planning & Zoning Code 1996, General Plan 1995, Development Potential Survey 1999

Parking Requirements

Parking requirements in Fountain Valley are typical for a city of its size, as shown in Table 37, above. These characteristics are not believed to directly constrain the development of housing. There are no special parking provisions for mixed use, senior or affordable housing, which are all developed with a Conditional Use permit. The City currently allows a reduction in parking requirements in conjunction with senior units or projects with affordable housing components in order to reduce land area requirements and development costs. This would be incorporated as an incentive associated with the Density Bonus Overlay Zone to be adopted as part of the Zoning Code update underway.

Density Bonus

In response to State mandated requirements and local needs, the City has adopted ordinances/regulatory mechanisms that permit higher densities than generally permitted. Known as a "density bonus," state law allows a developer to increase the density of a residential development by at least 25% over the otherwise maximum allowable residential density if provisions are made to allocate:

1. 20% of the units for lower income households,
2. 10% for very low income households, or
3. 50% of the total dwelling units of a housing development for qualifying residents (qualified to receive federal housing assistance, such as Section 8).

As well, one additional incentive or financial equivalent (such as modified development standard or waiver/reduction for application or development fees) is granted by the City to all residential development meeting the 20% density bonus requirement for lower income housing. The City of Fountain Valley complies with the Density Bonus provisions required by State law (Chapter 4.3, Section 65915) for residential zones, when requested by the project applicant. The Palm Island project is an example of a project where the City utilized a density bonus to accommodate 456 senior units at 35 units per acre. Another example of the use of a density bonus is Guadalupe Manor, where the City allowed a senior housing development to be constructed in a commercial zone.

The density bonus is a valuable tool for jurisdictions to create more affordable housing for seniors and lower income families. The City is currently developing a Density Bonus Overlay Zone as part of the Zoning Code Update which will replace the Affordable Housing Zone. The Density Bonus Overlay Zone can be applied over any residentially zoned land, or any commercial or public/institutional land which is slated for recycling (and subsequent zone change and/or General Plan Amendment). Flexibility in site design and development standards is to be built into the Overlay Zone.

Accessory Units and Manufactured Housing Requirements

In response to state mandated requirements and local needs, the City of Fountain Valley will allow in the Zoning code Update for the development of a secondary unit in close proximity to the primary residential unit. There will be no familial requirements, nor will second units require a CUP. They will be allowed as long as setback requirements are maintained. The non-conditional development standards result from the fact that there are a large number of lots in the La Colonia area which are large and can accommodate two separate dwelling units within the site boundaries which meet the setback and lot coverage requirements. This example of compact, infill development will be a crucial strategy for meeting the growing housing demands in nearly built-out cities like Fountain Valley.

Homeless Shelters and Transitional Housing

The development of transitional and emergency housing and group homes with six or less residents are permitted by right in all residentially zoned categories. As part of the Zoning Code Update underway, the City shall amend the Code to add emergency shelters and transitional housing with 7 or more residents with a Conditional Use Permit in R-4 and Commercial zones.

Building Codes and Enforcement

While building and safety codes are adopted for the purposes of preserving public health and safety, and ensuring the construction of safe and decent housing, they have the potential to increase the cost of housing construction and/or maintenance. The City of Fountain Valley's building codes are based on regulations necessary to protect the public health, safety and welfare of its residents. The City has adopted the most recent edition of the Uniform Building, Plumbing, Mechanical and Electrical Codes, which establish construction standards for all residential buildings. Residential code enforcement is proactive in target areas of the City, and performed on a complaint basis elsewhere. There have been no changes made to the UBC made by the City of Fountain Valley.

Americans with Disabilities Act

The City's building codes require that new residential construction comply with the Federal Americans with Disabilities Act (ADA). ADA provisions include requirements for a minimum percentage of units in new developments to be fully accessible to the physically disabled. Unlike the Uniform Building Code (UBC), enforcement of ADA requirements is not at the discretion of the City, but is mandated under federal law.

Compliance with building codes and the ADA may increase the cost of housing production, and can potentially impede the rehabilitation of older properties required to be brought up to current code standards. However, these regulations provide minimum standards that must be complied with in order to ensure the development of safe and accessible housing, and do not necessarily preclude significant cost increases.

IV. Housing Constraints and Resources

California Administrative Code Title 24 sets forth access and adaptability requirements for the physically handicapped (disabled). These regulations apply to public buildings (e.g. offices, stores, and motels), employee housing, factory guild housing and privately funded, newly constructed apartment houses containing five or more dwelling units. The regulations also require that items such as ramp ways, doorways, and restrooms be designed to enable free access to the handicapped. Such standards are not required in new single-family residential construction.

Development Fees

Various fees and assessments are charged by the City and other agencies to cover the cost of processing development permits and providing local services. These fees help ensure quality development and the provision of adequate public services. However, development fees are passed on to renters and homeowners in the price/rent of housing, and thus affect housing affordability. One method of determining whether fees in the Fountain Valley are excessive and represent barriers to affordable housing development is to evaluate its fee structure against those in surrounding jurisdictions.

The Building Industry Association provides a yearly land development fee survey for Orange County jurisdictions. The most recent survey completed in September 1999 provides fee surveys of all Orange County cities based upon a hypothetical 50-unit subdivision; this hypothetical project provides consistency when comparing fee structures across jurisdictions.

City of Fountain Valley

HOUSING ELEMENT UPDATE

The fee survey Table 38 compares development fees for Fountain Valley and surrounding jurisdictions.

TABLE 38
1999 COMPARISON
LOCAL CITY FEES PER UNIT

<i>Fee Charges Planning Fees</i>	<i>Fountain Valley</i>	<i>Huntington Beach</i>	<i>Santa Ana (x50 Units)</i>	<i>Westminster</i>
Environmental				
Initial Determination	\$12	\$47		\$17
Negative Declaration	\$600		\$165	
EIR Processing	Consultant Cost + 15%	\$240	\$10,000 or 10% consultant fee	\$200
Local Coastal Program		\$77		
Planning				
General Plan Amendment	\$50	\$223	\$2,165	\$35
Zone Change	\$24	\$106	\$1,730	\$32
Tentative Tract Map	\$39	\$90	\$1,890	\$54
Site Plan Review	\$21	—	\$325-\$1,080	\$31
Planned Development Review		—		
Conditional Use Permits and Variances		\$100		
Building-Edition				
Building	\$1,771	\$1,029.21	\$1,635.65	\$1,368
Plan Check	\$1,141.40	\$926.29		\$1,710
Electrical	Subtrades	\$148.50	\$64.35	\$140
Mechanical	Included in	\$144	\$178.86	\$51
Plumbing	Building Permit Fees	\$246	\$139.42	\$191
Engineering & Subdivision				
Final Tract Map	\$20	\$59	Initial Fee \$997.73 + \$99.70/hr over 10 hrs	\$58.70
Sewer	\$40	\$131	\$99.70	\$92
Water	\$55	\$355	\$99.70	
Storm Drain	\$75	\$38	\$99.70	
Street	\$210	\$488	\$99.70	\$313.63
Surface Drainage				
Grading	\$275	\$47		\$696.96
Capital Facilities & Connections				
Water	\$408	\$150	\$760	
Sewer	\$77	\$150	\$59.45	\$100
Sanitation District Annex	\$2,360	\$2,360	\$2,165	\$2,360
Drainage	\$602	\$1,400	\$2,700-\$5,015/acre	\$173
Transportation Corridor			\$1,533-\$1,586/unit	\$0
Transportation		\$900	\$2,750	\$910
Signal Assessment				
Park Facilities	\$4,662	\$3,120		\$4,037.35
School Facilities	\$1.65-\$1.93/sq. ft.	\$4,825	\$4,825	
Other Fees ²				

¹ Comparative fees based on hypothetical 10 acre subdivision of 50 detached units at a permitted density of 5 dwelling units per acre

² Other fees vary considerably by jurisdiction and are not included in this analysis

Source: Building Industry Association. "1999 Land Development Fee Survey for Orange County". September 1999.

IV. Housing Constraints and Resources

Evaluation of development fees indicates that Fountain Valley's land development fees are not prohibitive to residential development. As indicated in the table, the surrounding jurisdictions of Huntington Beach, Santa Ana and Westminster have similar fee structures, without significant differences in development costs.

The City's Planning Department Development Fee Schedule is detailed below. As previously mentioned, City fees are comparable to other local jurisdictions and are not considered to be a major constraint to the development of affordable or market rate housing.

TABLE 39
CITY OF FOUNTAIN VALLEY
PLANNING DEPARTMENT FEE SCHEDULE

<i>Entitlements</i>	<i>Fee</i>
Annexation	\$1,800.00
Appeal	(resident) \$125.00/\$600.00 (others)
Area Variance	\$400.00
Code Amendment	\$1,500.00
Conditional Use Permit	\$1,000.00
Continuance	\$200.00 \$350.00 – if new notice is required
Development Agreement	\$1,800.00
Development Review	\$700.00
Environmental Impact Report	\$2,000.00 + cost + 15%
Extension of Time	½ of original fee
General Plan Amendment	\$2,500.00 – 50 per unit
Initial Study	\$600.00
Lot Line Adjustment	\$600.00
Modification to Conditions	\$800.00
Negative Declaration	Prepared by staff - \$850.00 Prepared by consultant – Cost + 15%
Notice of Exemption	\$250.00
Outdoor Sales	\$100.00
Planning Commission Interpretation	\$450.00
Precise Plan of Design	\$1,050.00
Resolution Review	\$250.00
Seasonal Sales	\$100.00
Sign Committee	\$300.00
Special Events	\$75.00
Specific Plan	\$2,200.00
Subdivision Directional Sign	\$300.00
Tentative Parcel Map	\$1,000.0
Tentative Tract Map	\$1,200.00 + \$15.00/lot
Variance	\$1,000.00
Zone Change	\$1,200.00

Source: City of Fountain Valley Planning Department, July 1999

Local Processing and Permit Procedures

Builders and developers frequently cite the cost of holding land during the evaluation and review process as a significant factor to the cost of housing. Processing times vary with the complexity of the project. Holding costs associated with delays in processing have been estimated to add between 1.1 and 1.8% to the cost of a dwelling unit for each month of delay. Again, fees are passed onto the buyer, and can ultimately increase cost.

Approval for single-family homes and other minor tenant improvements can usually be processed within two weeks after submission to the City. Other projects requiring Conditional Use Permits, Zoning Amendments, or other discretionary actions necessitate a higher level of review, resulting in a longer processing timeline. The City of Fountain Valley's development approval process is designed to accommodate, not hinder, appropriate development. Table 40 provides a list of the average processing times for various procedures from application to City Council approval of a project. Currently the City does not have a formal procedure for expediting projects with affordability conditions. As supported by reasonable processing times, and the relative facility of permit procedure, the City's processing and permit procedures are not felt to constrain the development of housing. However, as an incentive to the development of affordable housing, the City should consider offering fast track processing, upon developer request.

TABLE 40
LOCAL DEVELOPMENT PROCESSING TIME LIMITS

<i>Item</i>	<i>Approximate Length of Time from Submittal to Public Hearing</i>
Conditional Use Permit	30-60 days
Site Plan Review	30-60 days
Tentative Tract Map/Parcel Map/Subdivision	30-50 days (processed concurrently)
Variance	30-60 days
Zoning Amendments or Zone Change	3-6 months
General Plan Amendment	6-9 months
Environmental Documentation (EIR)	9-12 months
Neg Dec	3-5 months

Source: City of Fountain Valley Planning Division, 1999.

IV. Housing Constraints and Resources

TABLE 41
CITY OF FOUNTAIN VALLEY
DEVELOPMENT FEE SCHEDULE
FEE CALCULATION

No.	Description	Unit	Quantity	Unit \$	Fee	Acct #	FVMC
1	IMPROVEMENT PLAN CHECKING FEE COST OF IMPROVEMENTS =					11.4552	20.52.080
	\$0.00 TO \$10,000.00	\$350.00			\$0.00		
	\$10,001 TO \$25,000	\$350.00	\$0.00 x 1.4%		\$0.00		
	\$25,001 TO \$100,000	\$560.00	\$0.00 x 1.1%		\$0.00		
	Over \$100,000	\$1,385.00	\$0.00 x 1.0%		\$0.00		
2	INSPECTION FEE COST OF IMPROVEMENTS =					11.4553	20.52.050
	\$0 TO \$25,000		\$0.00 x 6.0%		\$0.00		
	\$25,001 TO \$100,000	\$1,500.00	\$0.00 x 4.5%		\$0.00		
	Over \$100,000	\$4,875.00	\$0.00 x 3.9%		\$0.00		
3	LANDSCAPING INSPECTION FEE NET ACREAGE = 0.00					11.4554	21.48.100
	Less than 1 Acre	LUMP SUM	\$0.00	\$215.00	\$0.00		
	1-3 Acres	LUMP SUM	\$0.00	\$320.00	\$0.00		
	3-6 Acres	LUMP SUM	\$0.00	\$425.00	\$0.00		
	6+ Acres	LUMP SUM	\$0.00	\$640.00	\$0.00		
4	BACKFLOW DEVICE INSPECTION	EACH	x	\$25.00	\$0.00	71.4555	14.16.080
5	DRAINAGE ANNEXATION FEE	GR. ACRE	x	\$3,195.86	\$0.00	31.4641	13.36.030
6	SEWER ANNEXATION FEE	GR. ACRE	x	\$406.80	\$0.00	32.4641	14.36.130
7	WATERLINE ASSESSMENT FEE	FR. FOOT	x	\$4.65	\$0.00	71.4653	14.12.230
8	SEWERLINE ASSESSMENT FEE	FR. FOOT	x	\$4.38	\$0.00	32.4641	14.28.010
9	SANITATION DISTRICT SEWER CONNECTION FEE					992213	
	Residential lots	EACH	x	\$2,360.00	\$0.00		
	Commercial/Industrial	SF	x	\$0.472	\$0.00		
10	MEDIAN BEAUTIFICATION FEE	FR. FOOT	x	\$8.54	\$0.00	35.4644	20.24.150
11	CONSTRUCTION WATER					71.4622	14.12.190
	Residential lots	EACH	x	\$25.00	\$0.00		
	Commercial/Industrial	ACRES	x	\$100.00	\$0.00		
12	DEVELOPER IMPACT PAYMENT	BLDG VAL	x	3.0%	\$0.00	11.4526	POLICY
13	TRANSPORTATION IMPACT FEE	TRIP	x	\$59.00	\$0.00	24.4526	POLICY
14	PUMP STATION IMPACT FEE	GR. ACRE	x	\$7,500.00	\$0.00	11.4527	
15	PARK SITE FEE	RES. UNIT	x	\$1,750.00	\$0.00	11.4526	20.50.060
	COLONY AND HELM TRACT PARK FEE	RES. UNIT	x	\$550.00	\$0.00	11.4526	20.50.060
16	FINAL MAP CHECKING FEE	\$352 + LOTS	x	\$12.00	\$0.00	11.4521	20.12.100
17	FINAL RECORD MAP COPIES	SHEET	x	\$70.00	\$0.00	11.4523	
18	VACATION OF EASEMENT	EACH	x	\$250.00	\$0.00	11.4525	
19	LOT LINE ADJUSTMENT	EACH	x	\$250.00	\$0.00	11.4525	
20	CERTIFICATE OF CORRECTION	EACH	x	\$250.00	\$0.00	11.4525	
21	WATER ANNEXATION FEE	GR. ACRE	x	\$697.27	\$0.00	71.4652	14.24.020
22	WATER SUPPLY FACILITIES FEE					71.4654	14.12.220
	¾" METER	EACH	x	\$313.52	\$0.00		
	1" METER	EACH	x	\$523.46	\$0.00		
	1 - 1 ½" METER	EACH	x	\$1,045.81	\$0.00		
	2" METER	EACH	x	\$1,672.88	\$0.00		
	3" METER	EACH	x	\$3,346.82	\$0.00		
	4" METER	EACH	x	\$4,272.02	\$0.00		
	6" METER	EACH	x	\$10,459.19	\$0.00		
	TOTAL ALL FEES				\$		

IV. Housing Constraints and Resources

- **Sewer:** The City's sewer system is maintained by Fountain Valley-Orange County Sanitation District. A sewer assessment fee is levied only for excessive use. The City charges \$350 per acre for sewer connection charges, and \$2,270 per residential dwelling. Main sewer trunks within the City are owned and maintained by the Orange County Sanitation District, which provides trunk sewage collection and treatment service to the City. The City's sewage system is diverted to Reclamation Plant Number 1 in Fountain Valley. The Reclamation plant has a design capacity of 60 million gallons per day and is planned to provide capacity up to 120 million gallons per day. The existing and future capacity of the project is expected to provide an adequate level of service to meet future growth projections.
- **Flood Control:** A master plan for storm drains has been adopted. Charges for storm drains and flood control are assessed at \$2,750/acre.

Land Prices

The cost of land directly influences the cost of housing. In turn, land prices are determined by a number of factors, most important of which are land availability and permitted development density. As land becomes scarcer, the price for land increases. In terms of development density, land prices are positively correlated with the number of units permitted on each lot. Thus, a higher density lot may command a higher price than one designated for lower densities, but upon completion the developer may realize a higher profit margin based on a greater number of units sold.

In recent years, vacant residential land sales have increased due to the highly active housing market in the Southern California region. Even in this market environment, there are significant differences in land prices in the region. In general, land prices in Orange County are higher than the newer markets in the surrounding San Bernardino and Riverside counties (Inland Empire); in fact, the lack of inexpensive residential land in Orange County was a major impetus for the development of the Inland Empire, just East of Orange County.

Within the Orange County market, there are also significant differences in land prices. New master-planned communities in the southern part of the County, where larger parcels of non-entitled raw land are more available, have generally garnered higher residential land prices than more established communities in central and North Orange County.

Due to the limited availability of vacant, available land suitable for residential development and the limited size of available vacant parcels, land use transactions during the past several years within the City have been few. Typically, land costs in central Orange County have been running between \$24.00 - \$26.00 per square foot for single family residential lots and approximately \$25.00 to \$28.00 per square foot for lots suitable for multi-family development. Land prices in the City remain a significant cost component, often comprising up to 50% of the total per square foot cost of a home, and are considered to be a constraint on the production of housing. Although similar to other local jurisdictions, land costs in the Fountain Valley are a constraint to the construction of new and affordable housing compared to other jurisdictions outside of Orange County. The City has assisted with land costs through the acquisition and resale of land (write down assistance) to builders proposing housing with affordability covenants. In order for land costs to be absorbed into the cost of the project without ultimately driving up the purchase price, higher densities must also be achieved.

Construction Costs

The cost of construction depends primarily on the cost of materials and labor, but it is also influenced by market demand and market-based changes in the cost of materials. Additionally, the cost of construction depends on the type of unit being built and on the quality of the product being produced. Labor saving materials and construction techniques are available but they tend to reduce the quality of the finished product.

The type of product largely determines the cost of construction. Fountain Valley has an existing inventory of homes constructed prior to the 1980s which, in some cases, reflect a lesser degree of amenities (such as the provision of carports instead of a two car garage) than the more contemporary tract development in newer Orange County developments. These older homes generally reflect a lower resale market price than newer products crafted with supplemental amenities and more technologically advanced materials. Citywide, homes constructed before 1980 comprise more than 90% of the overall housing stock, which would generally make homeownership in Fountain Valley more reasonable as compared to, for example, a new community in South County.

The cost of labor is based on a number of factors, including housing demand, the number of contractors in an area and the unionization of workers, but it is generally two to three times the cost of materials. Thus the cost of labor represents an estimated 17% to 20% of the cost of building a unit, which is a substantial portion of the overall cost of construction. Most residential construction in Orange County is performed with non-union contractors, and as a result, labor costs are responsive to changes in the residential market.

Residential construction cost estimates established by the International Conference of Building Officials (ICBO) in Spring 1999 indicate an average cost of labor and materials of \$75.90 for multi-family Type V wood frame construction. Single-family residential Type V wood frame costs average \$85.50 per square foot. Cost estimates are based on "good" quality construction, providing materials and fixtures that are considered above those minimally acceptable by code standards. Construction costs, therefore, may vary based on the type of material used, location of development, structural features present, and other factors.

Typically, in the private sector market, the development of residential units is a business and investment venture. Therefore, developers seek the greatest return for their investment. As with most businesses, a constraining factor in the area of profitability continues to be the market place where developers sell their products. To a great extent, the market place sets the upper end of the profit margin with overhead costs for construction constituting the lower parameter of profit. As shown in the previous Table 19, overall development costs per square foot, inclusive of land, infrastructure improvements, materials, labor, construction financing, and indirect costs/assessment fees, for the most recent residential project in the City runs approximately \$142 to \$158 per square foot.

The construction cost of housing affects the affordability of new housing and can be a constraint to the creation of affordable housing in the City and greater Orange County region. A reduction in construction costs can be brought about in several ways. One such method involves a reduction in amenities and quality of building materials in new homes (still above the minimum acceptability for health, safety and adequate performance), which may result in lower sales prices. State Housing Law provides that local building departments can authorize the use of materials and construction methods if the proposed design is found to be satisfactory and the materials or methods are at least equivalent to that prescribed by the applicable State building codes.

IV. Housing Constraints and Resources

In addition, pre-fabricated, factory built housing may provide lower priced products by reducing labor and materials costs. As the number of units built in scale increases, savings in construction costs over the entire development can be realized, particularly when combined with density bonus provisions. In addition, the City may implement a variety of programs to write down land costs or provide other developer incentives such as waivers in development standards or processing fees in order to increase affordability, subject to the developer providing a percentage of units with affordability restrictions.

Financing

Mortgage interest rates have a large influence over the affordability of housing. Increases in interest rates decrease the number of persons able to afford a home purchase. Decreases in interest rates result in more potential homebuyers introduced into the market.

National policies and economic conditions determine interest rates, and there is little that local governments can do to affect these rates. Jurisdictions can, however, "leverage" funds by offering interest rate write-downs to extend home purchase opportunities to lower income households. In addition, government insured loan programs may be available to reduce mortgage down payment requirements.

First time homebuyers are the most impacted by financing requirements. Mortgage interest rates for new home purchases ranged from 7% to 8.75% for a fixed rate-30 year loan in 1999/2000. Lower initial rates are available with Graduated Payment Mortgages (GPM's), Adjustable Rate Mortgages (ARM's), and Buy-Down Mortgages. However, variable interest rate mortgages on affordable homes may increase to the point that interest rates exceed the cost of living adjustments, which is a constraint on affordability. Although interest rates are currently low, they can change significantly and substantially impact the affordability of the housing stock.

The National Association of Homebuilders (NAHB) has provided forecasts for interest rates through the year 2000. It is estimated that minor increases in current rates will occur in fixed-rate and adjustable rate mortgages, but it shouldn't have an appreciable impact on the housing market.

Interest rates in 1999/2000 are not a constraint to affordable housing. In fact, interest rates during this time rival lows not witnessed in decades. As such, financing for both construction and long term mortgages is generally available in Fountain Valley, subject to normal underwriting standards. Under the Community Reinvestment Act (CRA), funds are usually provided at below-market interest rates. CRA urges the participating banks to give high priority to projects that are 100% affordable to lower income households. These funds are often used in concert with other funding sources. The City will request annual Community Reinvestment Act Reports from local lenders in order to encourage more fair lending practices and affordable housing. The City will then contact lenders after reviewing the report to negotiate favorable terms for low- and moderate- income families.

A more critical impediment to homeownership, however, involves both the affordability of the housing stock and the ability of potential buyers to fulfill down payment requirements. Typically, conventional home loans will require 80% loan-to-value and represents the largest constraint to homebuyers. Other programs, such as those for first-time homebuyers, can find down payment requirements between 3% and 20%. This indicates a need for flexible loan programs and a method to bridge the gap between a required down payment and potential homeowner's available funds. As well, the availability of financing for developers may pose a constraint on development outside of the City's control.

C. RESIDENTIAL LAND RESOURCES

In preparation for the current planning period and future housing needs, the City of Fountain Valley has inventoried residential land resources within incorporated City boundaries. The Development Potential Survey was compiled between November 1998 and January 1999 by conducting a windshield survey of the entire City. The City has identified parcels of land that are either currently agricultural, closed school sites, underdeveloped, or underutilized.

1. Availability of Sites for Housing

An important component of the Fountain Valley Housing Element is the identification of sites for future housing development. Identifying available sites with residential development potential also allows the City to better address its RHNA fair share new construction need. Opportunities for residential development in the City fall into one of four categories:

- Vacant land that is either designated for residential use or is likely to be designated for residential use in the future;
- Current or former agricultural land designated for residential development;
- Underutilized residential sites where the current residential use is less intensive than that allowed for by the site's zoning designation, and where infrastructure needs can be met by existing or proposed systems;
- Surplus/closed school sites that can potentially be used for residential purposes with a General Plan Amendment.
- Commercial or other non-residentially zoned land that is suitable for rezoning and recycling to a residential use and may be developed in conjunction with the Density Bonus Overlay Zone.

Residential Development Potential

According to the City's 1999 Development Potential Survey which identifies all vacant/underutilized properties within civic boundaries, a total of 151.31 acres are available, with potential for at least 399 dwelling units to be constructed (*not* inclusive of development potential of school site properties).

Table 42 depicts the residential mix of future development within the City, as calculated by the development potential survey, pursuant to zoning and land use standards. Citywide development potential for residential development is based upon a parcel by parcel evaluation of properties throughout the City.

IV. Housing Constraints and Resources

TABLE 42
HOUSING DEVELOPMENT POTENTIAL 1999
CITY OF FOUNTAIN VALLEY

<i>General Plan Land Use</i>	<i>Acreage of Vacant</i>	<i>Estimated Units</i>	<i>Gross Units</i>
Low Density Residential (LDR)	12.31	52	61
Low Medium Density Residential (LMDR)	31.52	339	340
High Density Residential (HDR)	.43	8	9
Public Facilities (PF)	38.39	191*	192*
SUBTOTAL	151.31	590+	602
Medical Center Specific Plan (SP)*	15.20	456	456
TOTAL	166.51	1,046	1,058

¹ Estimated units based on parcel by parcel evaluation of development potential and rounding down of data

² Gross units indicate units based on application of maximum density standards to existing acreage.

³ Based on application of 5 du/ac

* Acreage in Medical Center Specific Plan currently under construction

Source: City of Fountain Valley Planning Department, 1999.

While some of the vacant residential land in Fountain Valley is designated for detached single-family units with a low-density character (LDR), available acreage in the LMDR, HDR, PF and SP categories can accommodate attached and multi-family units at higher densities. Units in the LDR zone are typically developed with market rate housing affordable to Moderate and Above Moderate-income households. Generally, higher densities increase the affordability of a development, creating opportunities for lower and more moderate-income households.

Based on data provided in Table 43, available residential acreage would yield at least an estimated 590 units, not including units to be created in the South Park Specific Plan. Based on the General Plan build-out scheme, and an evaluation of existing available residentially zoned acreage, there is a sufficient amount of land available for residential development to meet the City's remaining construction need through the 2005 planning period. SCAG has assigned the City a construction need of 305 for the 1998-2005 planning period, of which 30% are allocated toward very low and low-income units; 70% are allocated toward moderate and above moderate units. It appears as if sufficient vacant and underutilized land is available to accommodate the RHNA allocation. However, based on past development trends, it is not likely that a complete build-out of the vacant/underutilized land will occur within the City by the end of the 1998 to 2005 planning period.

To further the achievement of identified construction need, Fountain Valley may utilize its redevelopment powers (e.g. eminent domain) to assemble lots, provide incentives to encourage lot consolidation, and other strategies to enable future development to occur at the upper ends of permitted density ranges. The City may also realize the need is may be realized through incentives, concessions, and the flexibility of existing regulatory requirements. As well, the City intends to incorporate the use of Density Bonus provisions for a density up to 25 dwelling units per acre, and associated concessions to lot size requirements, parking requirements and unit size standards into an Overlay Zone as part of the Zoning Code update. (Note: These provisions are currently available in the Affordable Housing Zone.) This Overlay Zone may be applied to any residential zone or commercial/public zone appropriate for recycling and subsequent rezoning.

A thorough summary of the 1999 Development Potential Survey is provided as Table 43.

City of Fountain Valley
HOUSING ELEMENT UPDATE

TABLE 43
DEVELOPMENT POTENTIAL BY PARCEL
CITY OF FOUNTAIN VALLEY

Section	ID	Parcel	Zoning	General Plan	Parcel Size	Allowable Building Space	1998-2005 Planning Period Potential
North West	1	143-331-1	A1	Public Facilities	538,402 sq. ft. 12.36 acres	Requires General Plan Amendment	—
North West	2	143-291-1	A1	Public Facilities	642,510 sq. ft. 14.75 acres	Requires General Plan Amendment	—
North West	3	167-391-1	C1	General Commercial	20,250 sq. ft. 0.46 acre	10,125 sq. ft.	—
North Central	1	169-121-2	C1	General Commercial	22,500 sq. ft. 0.52 acre	11,250 sq. ft.	—
North Central	2	169-061-44	C1	Low Density Residential	12,250 sq. ft. 0.28 acre	1 Dwelling Unit	Infill potential*
North Central	3	169-061-43	R1	Low Density Residential	12,250 sq. ft. 0.28 acre	1 Dwelling Unit	Infill potential*
North Central	4	169-061-42	R1	Low Density Residential	24,500 sq. ft. 0.60 acre	3 Dwelling Unit	Infill potential*
North Central	5	169-061-35	R1	Low Density Residential	13,815 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	6	169-061-36	R1	Low Density Residential	18,650 sq. ft. 0.43 acre	2 Dwelling Unit	Infill potential*
North Central	7	169-061-26	R1	Low Density Residential	7,765 sq. ft. 0.18 acre	1 Dwelling Unit	Infill potential*
North Central	8	169-071-11	R1	Low Density Residential	13,763 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	9	169-071-33	R1	Low Density Residential	13,753 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	10	169-071-50	R1	Low Density Residential	26,250 sq. ft. 0.61 acre	3 Dwelling Unit	Infill potential*
North Central	11	169-071-51	R1	Low Density Residential	5,520 sq. ft. 0.12 acre	1 Dwelling Unit	Infill potential*
North Central	12	169-082-1	R1	Low Density Residential	14,025 sq. ft. 0.33 acre	1 Dwelling Unit	Infill potential*
North Central	13	169-082-2	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	14	169-082-3	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	15	169-082-18	R1	Low Density Residential	6,875 sq. ft. 0.16 acre	1 Dwelling Unit	Infill potential*
North Central	16	169-082-24	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	17	169-082-25	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	18	169-082-30	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	19	169-082-31	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	20	169-082-32	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	21	169-082-49	R1	Low Density	13,750 sq. ft.	1 Dwelling Unit	Infill potential*

IV. Housing Constraints and Resources

**TABLE 43
DEVELOPMENT POTENTIAL BY PARCEL
CITY OF FOUNTAIN VALLEY**

Section	ID	Parcel	Zoning	General Plan	Parcel Size	Allowable Building Space	1998-2005 Planning Period Potential
				Residential	0.32 acre		
North Central	22	169-082-53	R1	Low Density Residential	6,887 sq. ft. 0.16 acre	1 Dwelling Unit	Infill potential*
North Central	23	169-082-55	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North Central	24	169-082-56	R1	Low Density Residential	13,750 sq. ft. 0.32 acre	1 Dwelling Unit	Infill potential*
North East	1	144-161-31	C1	High Density Residential	18,636 sq. ft. 0.43 acre	8 Dwelling Unit	Potential for 10 units (8 + 2 density bonus) included in Quantified Objectives
North East	2	144-231-5	C2	General Commercial	18,225 sq. ft. 0.42 acre	9,112 sq. ft.	—
North East	3	169-211-19	SP-MC	Specific Planned	89,429 sq. ft. 2.05 acres	Refer to FOUNTAIN VALLEY Medical Center Specific Plan	—
North East	4	169-211-33	C1	General Commercial	371,915 sq. ft. 8.54 acres	185,957 sq. ft.	—
North East	5	144-111-1	A1	Low-Medium Density Residential	811,523 sq. ft. 18.63 acres	201 Dwelling Units	Proposed for 78 units included in Quantified Objectives
North East	6	144-431-1	C2	General Commercial	247,572 sq. ft. 5.75 acres	123,786 sq. ft.	
North East	7	169-211-41	SP-MC	Specific Planned	721,789 sq. ft. 16.57 acres	Refer to FOUNTAIN VALLEY Medical Center Specific Plan	456 units - South Palm Island under construction
North East	8	144-531-35 144-531-36 144-531-37 144-531-38	A1	Low Density Residential	80,330 sq. ft. 1.87 acres	9 Dwelling Units	Infill Potential – reflected in Quantified Objectives
North East	9	169-391-01	M1	Commercial Manufacturing	439,688 sq. ft. 10.21 acres	263,812 sq. ft.	—
North East	10	144-031-11	C1	General Commercial	22,500 sq. ft. 0.52 acre	11,250 sq. ft.	—
North East	11	169-401-28	M1	Commercial Manufacturing	51,183 sq. ft. 1.18 acres	30,709 sq. ft.	—
North East	12	144-062-31	A1	Low Density Residential	57,061 sq. ft. 1.31 acres	6 Dwelling Units	—
South West	1	112-781-74	CP	Low-Medium Density Residential	3,812 sq. ft. 0.09 acre	1 Dwelling Unit	—
South West	2	157-271-7	C1	General Commercial	78,408 sq. ft. 1.80 acres	39,204 sq. ft.	—
South West	3	167-593-11	GH	Low-Medium Density Residential	241,453 sq. ft. 5.54 acres	59 Dwelling Unit	—
South West	4	167-593-12	GH	Low-Medium Density Residential	133,294 sq. ft. 3.06 acres	33 Dwelling Unit	—
South West	5	157-033-40	A1	Low-Medium Density Residential	182,778 sq. ft. 3.06 acres	45 Dwelling Unit	—

City of Fountain Valley
HOUSING ELEMENT UPDATE

TABLE 43
DEVELOPMENT POTENTIAL BY PARCEL
CITY OF FOUNTAIN VALLEY

Section	ID	Parcel	Zoning	General Plan	Parcel Size	Allowable Building Space	1998-2005 Planning Period Potential
South West	6	167-191-2 167-191-3 167-191-4 167-191-11	A1	Public Facilities	491,471 sq. ft. 11.28 acres	Requires General Plan Amendment	Proposed for 150 senior rental units and 30 single family units
South West	7	157-261-3	C1	General Commercial	27,046 sq. ft. 0.33 acre	13,523 sq. ft.	—
South West	8	167-271-28	R1	Low Density Residential	71,904 sq. ft. 1.67 acres	8 Dwelling Unit	Infill Potential reflected in Quantified Objectives
South West	9	157-131-13	R1	Low Density Residential	6,688 sq. ft. 0.15 acre	1 Dwelling Unit	—
South East	1	169-162-6 169-162-9 169-162-10	C1	General Commercial	24,210 sq. ft. 0.56 acre	12,105 sq. ft.	—
South East	2	169-211-10	SP-SP	Specific Planned	62,857 sq. ft. 1.44 acres	Refer to South Park Specific Plan	—
South East	3	169-221-8	SP-SP	Specific Planned	2,404,948 sq. ft. 55.21 acres	Refer to South Park Specific Plan	—
South East	4	169-223-1	SP-SP	Specific Planned	414,256 sq. ft. 9.51 acres	Refer to South Park Specific Plan	—
South East	5	169-222-31	SP-SP	Specific Planned	108,900 sq. ft. 2.50 acres	Refer to South Park Specific Plan	—

Source: City of Fountain Valley Planning Department, *Development Potential Survey* January 1999

* There is potential for this parcel to develop. However, it is not known whether this particular parcel will develop during the planning period. Therefore, the quantified objectives reflect a potential for 2 units of R-1 zoned land to develop per year, based on past development trends. Actual number of units developed may exceed this estimate.

2. Preservation of Assisted Units at Risk of Conversion

State Housing Element Law requires the analysis of government-assisted housing that is eligible to change from lower income housing to market rate housing during the next 10 years. Reasons that government assisted housing might convert to market rate include expiring subsidies, mortgage prepayments, or expiration of affordability restrictions.

State law also requires the development of programs aimed at their preservation. The following have been included in this housing element as part of the preservation analysis:

- An inventory of assisted housing units that are at-risk of converting to market rate within ten years.
- An analysis of the costs of preserving and/or replacing these units.
- Resources that could be used to preserve the at-risk units.
- Program efforts for preservation of at-risk units.
- Quantified objectives for the number of at-risk units to be preserved during the housing element planning period.

Use restrictions, as defined by State law, are any federal, state or local statute, regulation, ordinance or contract which as a condition of receipt for any housing assistance. Use restrictions establish maximum limitations on tenant income as a condition of eligibility for occupancy. State law identifies housing assistance as a rental subsidy, mortgage subsidy, or mortgage insurance, to an assisted housing development. The following section analyzes the potential conversion of assisted housing units to market rate housing.

Inventory of Assisted Affordable Units

There are five housing projects in the City which have received some form of assistance from federal or local sources.

There is one 71 unit housing complex in the City, Guadalupe Manor, with units made affordable by federal subsidy. Guadalupe Manor offers 63 units to seniors and 7 units to the disabled over age 18; there is one on-site property manager in the 71st unit. The project is comprised of 54 one-bedroom units and 17 efficiency units. The project was financed with Federal Section 202 funds, which provide capital advances to finance the construction and rehabilitation of structures that will serve as supportive housing for very low-income elderly persons and provides rent subsidies for the projects to help make them affordable. Project-Based Section 8 rental assistance is used to cover the difference between the HUD-approved operating cost per unit and the tenant's rent. Property managers report that there are no plans to convert Guadalupe Manor to market rate rents during this planning period, and plan to preserve the affordability of all units in perpetuity past the thirty-year requirement. Affordability restrictions will expire in 2015.

Heil Park, a 24-unit owner-occupied condominium complex, was completed in 1993. All of the units are restricted for 30 years for persons with incomes below 80% of the County median income. The affordability controls on this project will not expire during the next 10 years.

City of Fountain Valley

HOUSING ELEMENT UPDATE

There are three rental projects in the City with income restrictions. Windmere Apartments, a 182 unit project, Shawntana Condos with 164 units, and Fountain Crest Apartments with 57 units were built under the Affordable Housing Zone prior to 1989. These projects are required by the conditions of the Affordable Housing Zone to maintain a minimum of 25% of the units affordable to households with incomes of 120% or below the County median income. As well, the Conditional Use Permit requirements reserving affordability must be adhered to for the economic life of the buildings and rental units may not be converted to condos. In addition, the rents afforded by the Moderate-income category are well above the HUD MFI, and therefore the need for subsidies or preservation assistance does not apply.

Based on the above factors, there are no affordable units in the City at risk of conversion to market rate rents because of termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use.

**TABLE 44
INVENTORY OF ASSISTED UNITS**

<i>Project</i>	<i>Location</i>	<i>Type of Unit</i>	<i>Form of Assistance</i>	<i>Total Units</i>	<i>Restricted/ Assisted Units</i>	<i>Date of Subsidy Termination</i>
Heil Park		Condominium	Agency - Land Write Down	24	24	2023
Shawntana Condos		Family	Affordable Housing Zone	164	41	In perpetuity
Windmere Apartments		Family	Affordable Housing Zone	182	46	In perpetuity
Fountain Crest		Family	Affordable Housing Zone	57	14	In perpetuity
Centre Park (Columbus Court)		Family (SFD)	Set-Aside (Moderate Income)	15	15	2026
Guadalupe Manor	17103 Magnolia Street	Elderly/Disabled	Section 202 /project Based Section 8 HAP	71	70	2015

Local Rental Subsidy

The primary form of direct rental subsidy available to Fountain Valley residents is Federal Section 8 Rental Assistance. The Section 8 Program is designed to provide rental assistance for eligible tenants in safe, sanitary, affordable housing. Section 8 is available to very low-income families, individuals, seniors and the disabled, providing vouchers and/or certificates worth a large portion of the HUD designated fair market rents. Persons and households may apply when the waiting list is open and must either live or work in the County of Orange. There were 114 Fountain Valley families receiving HUD Section 8 rental assistance in 1999.

IV. Housing Constraints and Resources

TABLE 45
FAIR MARKET RENTS FOR EXISTING HOUSING
ORANGE COUNTY MSA

<i>0 Bedroom (Studio)</i>	<i>1 Bedroom</i>	<i>2 Bedroom</i>	<i>3 Bedroom</i>	<i>4 Bedroom</i>
\$645	\$704	\$871	\$1,212	\$1,349
FMR's include utility costs Source: HUD Revised FY 1999 Income Limits				

Financing Mechanisms:

Although there are no "at-risk units" in the City, a variety of federal, state and local programs are available to create and/or maintain rental and purchase affordability for lower income residents. These programs are available as well to other jurisdictions for potential acquisition, subsidy, or replacement of units at-risk. The following summarizes financial resources available to the City, and private and non-profit parties to preserve/create housing that is affordable.

Federal Programs

- **CDBG** — This program is intended to enhance and preserve the City's affordable housing stock. CDBG funds are awarded to the City on a formula basis for housing activities. Eligible activities include: acquisition, rehabilitation, economic development, and public services. CDBG grants benefit primarily persons/households with incomes not exceeding 80% of the County median family income. Some examples of CDBG funded activities in Fountain Valley include housing cost reduction programs, code enforcement, mobile home rehabilitation, and participation in the Orange County Fair Housing Council.
- **HOME Investment Partnership** — HOME funding is a flexible grant program which is awarded to Fountain Valley on a formula basis for housing activities which takes into account local market conditions, inadequate housing, poverty and housing production costs. HOME funding is provided to jurisdictions to either assist rental housing or home ownership through acquisition, construction, reconstruction and/or rehabilitation of affordable housing. Tenant-based rental assistance, property acquisition, site improvements, expenses related to the provision of affordable housing, and projects that serve a group identified as having special needs related to housing are also available.
- **Section 8 Rental Assistance Program** — This program provides rental assistance payments to owners of private market rate units on behalf of very low-income tenants.
- **Section 811/202 Program** — Non-profit organizations and consumer cooperatives are eligible to receive no interest capital advances from HUD for the construction of Very Low income rental housing for senior citizens and disabled persons. Project based assistance is also provided in conjunction with this program. Section 811 can be used to develop group homes, independent living facilities, and intermediate care facilities. Eligible activities include acquisition, rehabilitation, new construction, and rental assistance.
- **HUD Low Income Housing Preservation and Resident Homeownership Act (LIHPHA)** — LIHPHA was enacted in response to concern over the prepayment of HUD-assisted housing. The legislation addresses the prepayment of units assisted under Section 221(d)(3) and Section 236 (Section 236 replaced the Section 221(d)(3) program in 1968). Generally, the law facilitates the

preservation of these low-income units by providing incentives to property owners to either retain their units as low-income, or to sell the project to priority purchasers (tenants, non-profits, or governmental agencies.)

Pursuant to LIHPHA, HUD must offer a package of incentives to property owners to extend the low-income use restrictions. These incentives would assure property owners an 8% return on the recalculated equity or their property, provided the rents necessary to yield this return fall within a specified federal cost limit. The cost limits are either 120% of the FMR, or the prevailing rent in the local market. If HUD can provide the owner with this return, the owner cannot prepay the mortgage. The owner must either stay in the program, or offer to sell the project (a "voluntary" sale) to a priority purchaser for a 12-month option period, or other purchasers for an additional three months. The owner is required to document this choice in a Plan of Action.

If HUD cannot provide the owner with the 8% return—i.e., required rents would exceed federal cost limits—the owner may prepay mortgage costs only after (a) offering the sale to priority purchasers for 12 months, or other qualified buyers for an additional 3 months (a "mandatory" sale); and (b) filing a Plan of Action which demonstrates that conversion will not adversely impact affordable housing or displace tenants. According to the California Housing Partnership Corporation, most projects in California will fall within federal cost limits, except those with exceptionally high rental value or condominium conversion potential.

Projects that are preserved under either of these methods are required to maintain affordability restrictions for the remaining useful life of the project, defined minimally as 50 years. Despite these requirements, property owners may still be able to prepay. First, the owner may prepay the property if no bona fide offer to purchase the property is made. Second, HUD may not provide some of the discretionary monies to priority purchasers in preservation sales. Finally, the overall success of the preservation efforts is contingent on congressional appropriation of sufficient funding to HUD.

State Programs

- **California Housing Finance Agency (CHFA) Multiple Rental Housing Programs** — This state program provides below market rate financing to builders and developers of multiple-family and elderly rental housing. Tax exempt bonds provide below market mortgage money. Eligible activities include new construction, rehabilitation, and acquisition of properties with 20-150 units.
- **Low Income Housing Tax Credit (LIHTC)** — This state program provides tax credits to individuals and corporations that invest in low-income rental housing. Tax credits are sold to corporations and people with high tax liability and proceeds are used to create housing. Eligible activities include new construction, rehabilitation, and acquisition
- **California Community Reinvestment Corporation (CCRC)** — This private, non-profit mortgage-banking consortium provides long term debt financing for affordable multi-family rental housing. Eligible activities include new construction, rehabilitation, and acquisition.

Local Programs

- **Redevelopment Agency Funding** — 20% of this local agency's funds are set aside for affordable housing activities governed by state law. Eligible activities include acquisition, rehabilitation, and new construction. As part of these FOUNTAIN VALLEY AGENCY FOR COMMUNITY DEVELOPMENT activities, the City provides low interest and deferred loans to eligible households with low and moderate incomes.

IV. Housing Constraints and Resources

Non-Profit Entities

The City of Fountain Valley has developed working relationships with numerous non-profit entities that may be interested in acquiring and/or managing units at-risk of conversion. Non-profit entities based relatively proximate to the City of Fountain Valley can be contacted to gauge their interest and ability in acquiring and/or managing units at-risk of conversion

V. REVIEW OF PREVIOUS ELEMENT

State law establishes a five-year cycle regulating housing element updates. In compliance with the SCAG cycle, the Fountain Valley Housing Element was updated in 1989 at which time it was found to be in compliance with State law, and was updated again in 1995. Several new programs were added to the Housing Element at that time, and again the element was found to be in compliance with State law.

To develop appropriate programs to address the housing issues identified in this 1998 – 2005 Housing Element Update, the City of Fountain Valley has reviewed the housing programs adopted as part of its 1995 Housing Element, and evaluated the effectiveness of these programs in delivering housing services.

By reviewing the progress in implementation of the adopted programs, the effectiveness of the last element, and the continued appropriateness of these identified programs, a comprehensive housing program strategy has been developed (see Chapter VI).

Table 46 reviews the progress in implementation of the programs, the effectiveness of the 1991 Housing Element programs to date, and the continued appropriateness of the identified programs for this update. The results of the analysis provided the basis for developing the comprehensive housing program strategy for the future planning period, as well as goals for the planning period in progress.

VII. Goals, Policies and Programs

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TABLE 46
CITY OF FOUNTAIN VALLEY
PREVIOUS HOUSING ELEMENT EVALUATION
APRIL, 2000

Program	Plan Objective	Schedule	Effectiveness			Recommended Changes
			1989-1994 (Planning Period)	1994-1998 (Interim Period)	1998 to Present (Apply to Update)	
CONSERVE/IMPROVE HOUSING STOCK						
Affordable Housing Zone	219 housing units	Enforce current program on a continuing basis.	100% of goal met	100% of goal met	100% of goal met	None
Condominium Conversions	Conserve as rental housing 2,200± apartment units	Continue current policy of discouraging apartment to condominium conversions	100% of goal met	100% of goal met	100% of goal met	Allow for up to 5% of existing rental unit stock to be converted
At-Risk Housing Conservation	Conserve affordable housing units in the City	Complete evaluation and program recommendations by January 1992	Not completed	Not completed	Not completed	No new goal
Housing Code Enforcement	Correct code violations to 25 housing units in the next 5 years	Continue current program of periodic neighborhood reviews and responding to complaints	100% of goal met	100% of goal met	100% of goal met	Increase goal to 20 units per year
Housing Rehabilitation (See attached charts)	160 units over 5 years	Program shall continue far beyond 1991	136 units rehabilitated	127 units rehabilitated	40 units rehabilitated	Change goal to rehabilitate 30 housing units per year.
ASSIST IN THE DEVELOPMENT OF AFFORDABLE HOUSING						
Section 8 Rental Assistance	Increase from 36 to 60 the certified house-holds that receive assistance	Continue to establish and update 3-year HAP goal	100% of goal met	100% of goal met	100% of goal met	Increase goal to assist 100 households per year.
Affordable Housing Zone housing units	20 to 40 new	Encourage use of zone on an on-going basis	24	0	0	Eliminate AH Zone; incorporate density bonus into all residential zones
Housing Cost Reduction/SRO Development Concept	40 to 80 housing units	Complete an affordable housing development in the next 24 months	0	0	0	Delete
20% Set-Aside Housing Program	Initiate active use of the resources by the mid 1990s	Continue to update the set-aside report annually	Reports completed; Programs developed	Programs implemented; 19 FTHB's* assisted, 15 affordable housing units subsidized	20 FTHB's Assisted	Establish new goal of assisting 20 FTHB's per year
ADEQUATE HOUSING SITES						
Land Use Element	Achieve construction of RHNA need figures by 1994.	Implement current LUE until comprehensive update is accomplished in 2 years.	Vacant sites identified. 110 housing units, including 24 low-income units built.	142 housing units, including 15 moderate-income units built.	0 housing units built.	Identify adequate sites to accommodate RHNA prescribed need by 2005
General Plan Revision Program	Complete revision by mid-year 1992	Identify residential sites to eradicate shortfall and meet RHNA needs.	Housing Element certified by State	EIR completed	N/A	No longer needed.

TABLE 46
CITY OF FOUNTAIN VALLEY
PREVIOUS HOUSING ELEMENT EVALUATION
APRIL, 2000

Program	Plan Objective	Schedule	Effectiveness			Recommended Changes
			1989-1994 (Planning Period)	1994-1998 (Interim Period)	1998 to Present (Apply to Update)	
EQUAL HOUSING OPPORTUNITY						
Refer all "red-lining" complaints to federal government as provided for in the Community Reinvestment Act (CRA)	Reduce discrimination in Fountain Valley	On-going	100% of goal met.	100% of goal met.	100% of goal met.	No changes.
Ensure fair housing services for all residents of Fountain Valley	Reduce discrimination in the City	On-going with an annual review of available resources	100% of goal met.	100% of goal met.	100% of goal met.	No changes.
Complete a "fair housing" impediments analysis pursuant to CDBG regulations	Remove identified public and private discriminatory practices if any are found to exist	Complete impediments analysis within 18 months	100% of goal met.	100% of goal met.	100% of goal met.	No changes.
REMOVAL OF GOVERNMENTAL CONSTRAINTS						
Development Standards Review	Enhance the capacity to construct affordable housing units	Complete review and revisions process within a 24-month period.	Completed study. Implemented density bonus requirements pursuant to state law.	N/A	Revised entire development code.	Adopt new code by January 2001.
Density Bonus Implementation Ordinance	Achieve implementation of State law requirements	Complete ordinance within 12 months of adoption of updated Housing element or amend existing A-H zone.	Completed	N/A	N/A	Density bonus being added to all residential zones.

A. PROGRESS IN IMPLEMENTING THE 1989 GOALS AND OBJECTIVES

The City's Housing Element established production of 1,435 – 1,495 new housing units. As well, the Element established quantified objectives for housing rehabilitation and preservation of rental housing at risk of conversion to condominiums.

While the Element's production objectives originally covered the 1989-1994 planning period, these objectives have now been extended to 1998 based on direction from the Department of Housing and Community Development to reflect the revised housing cycle. Table 47 identifies the objectives of the past Housing Element.

TABLE 47
FOUNTAIN VALLEY HOUSING ELEMENT GOALS
1989 – 1998

<i>Housing Goals</i>	
Housing Construction (RHNA)	1,435-1,495
Construct 60-120 affordable housing units	
Identify residential sites to eradicate shortfall	
Achieve construction of RHNA need (1,375)	
Housing Rehabilitation	185
Correct code violations to 25 housing units	
Rehabilitate 160 housing units	
Housing Conservation	2,455
Conserve +/- 219 units in Affordable Housing Zone	
Conserve +/- 2,200 apartments	
Conserve at least 36 Section 8 rental assisted affordable units	

Table 48 (below) summarizes the City's progress in reaching its affordable housing targets through the mechanisms available during the period of 1989 to July 1998. As shown in the following table, the City has made limited progress toward meeting its new construction objective. The effects of the recession are extremely evident. Despite the impacted construction activities over the recessionary period of the early 1990's, the City was able to meet one-third of its regional allocation for new units. The greatest shortfall occurred in the low-income household category, as well as the above moderate-income category. Almost 100% of the very low-income target, approximately one-third of the low income target, approximately 40% of the above moderate-income category, and almost one half of the moderate-income unit target was achieved.

TABLE 48
PROGRESS TOWARDS OBJECTIVES
JULY 1989 - DECEMBER 1998

<i>Unit Type/Description</i>	<i># Units</i>	<i>Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Upper</i>
NEW CONSTRUCTION					
Market Rate Single Family	213			55	158
Affordable Housing Zone – Heil Park	24		24		
Guadalupe Manor	71	70		1	
Centrepark Single family	15			15	
Secondary Units					
Subtotal	323	70	24	71	158
REHABILITATION/PRESERVATION					
Single Family Rehabilitation	363	132	131		
Existing Rental Units	2200	N/A	N/A	N/A	N/A
At-Risk Units	None at Risk				
Subtotal	2,563				
ASSISTANCE					
First Time Homebuyers Program	39		24	15	
Mortgage Credit Certificates	7		3	4	
Section 8 Rental Voucher Assistance	114	114			
Subtotal	160	114	27	19	
Total	3,046	184	51	90	
RHNA	708	89	97	150	372

Source: City of Fountain Valley, The Planning Center

Note: Subtotals in the individual income columns under the Rehabilitation/Preservation heading do not add up to the 2,563 total units. The spread of existing units is not available.

The SCAG Regional Allocation model indicated a new construction need in Fountain Valley by 1994 of 708 units, of which 89 were for very low income households, 97 for low income households, 150 for moderate income households and 372 for above moderate income households. The following discussion is a brief highlight of the progress, effectiveness and appropriateness of the 1989-1998 Housing Element objectives. As well, progress toward the 1998-2000 time period is summarized. The previous Table 46 provides a summary of the City's overall accomplishments for the years 1989-2000, broken into three time periods.

As indicated in Table 48, the City was successful in accomplishing a number of the objectives established for the past planning period. The following objectives were either met or exceeded:

- **Conserve Units Developed in Affordable Housing Zone** – The City had constructed 219 units using the Affordable Housing Zone mechanism prior to 1989. An additional 24 units were constructed during the past planning period 100% of which were affordable to low and moderate income. The Affordable Housing Zone was utilized to promote affordable housing projects through higher densities, reduced parking ratios and reduced unit size standards. 25% of the units constructed under the provisions of the Affordable Housing Zone must be reserved for, and maintained at prices affordable to households in the moderate income category. All of the units constructed using the Affordable Housing Zone mechanism have been conserved.

- **Condominium Conversion** – The City has adopted a policy of encouraging the maintenance of apartment units. In addition, the majority of apartment units do not meet the code requirements for owner-occupied housing. During the 2000-2005 planning period, the City will consider approval of up to 5% of the rental stock for conversion to owner-occupied housing, on a case by case basis, depending on number of applications received, if any.
- **Units At-Risk of Conversion to Market Rate** – There were no units at-risk of conversion to market rate during the past planning period with federal assistance. There were, however, units in the City which were developed with assistance from the City using CDBG funded land acquisitions, or units developed under the Affordable Housing Zone with affordability restrictions for moderate income households. These units were also not eligible to convert to market rate housing during the planning period. Units developed under the provisions of the Affordable Housing Zone are restricted in perpetuity. A program to address potential conversions of projects assisted by State and local resources was completed as part of the 1995 Housing Element Update.
- **Housing Code Enforcement** – The City has an active Code Enforcement program. Building inspectors and code enforcement personnel periodically inspect all neighborhoods, as well as responding to complaints, and then sends notices to property owners requiring them to correct the problem. The Code Enforcement program supplements the rehabilitation loan program, and recruits eligible households to take advantage of the available lands and grants. The goal of correcting 25 code violations to substandard units has been achieved and surpassed over the planning period.
- **Housing Rehabilitation** – The City established a goal to rehabilitate 160 units during the 1989-1994 five-year period. Although this number was not achieved within those five years, the goal was exceeded by 103 units between 1994-1998, for a total of 263 units rehabilitated. The City's Rehabilitation program consists of four components: the Grant Rehabilitation Program; the Rebate program; the Mobile Home Grant and Deferred Loan program; and the Home Improvement Loan program. The program is restricted to recipients with incomes below 80% of the median County income.
- **Section 8 Rental Assistance** – The Orange County Housing Authority (OCHA) administers the Section 8 Rental Assistance program for the City. The objective established for the planning period was to increase the number of assisted units from 36 to 60. This goal has been exceeded, with the number of housing vouchers issued in 1999 up to 114.
- **Affordable Housing Zone Units** – The quantified objective for the planning period was 20 to 40 affordable units utilizing the provisions of the Affordable Housing Zone. The Heil Park Condominiums were constructed in 1993, providing 24 owner-occupied units affordable to households with incomes below 80% of the County median income (low income). The project received assistance from the City in the form of the purchase of the Petrolane property with CDBG funds, which was resold to the developer at a discounted rate (land write-down). It is proposed that the Density Bonus Overlay program—to be adopted as part of the Zoning Code Update underway—will replace the Affordable Housing Zone.
- **Housing Cost Reduction/SRO Development Concept** – CDBG funding was allocated for land acquisition to enable the development of new housing at below market production costs. The quantified objective was for 40 to 80 units consisting of SRO's, affordable senior or handicapped housing. The City purchased a 2.2-acre site at Warner and Magnolia, on which the 71 unit Guadalupe Manor was constructed in 1989. The project provides 70 rental units reserved for very low-income seniors. The City also purchased the .94 acre Petrolane site, on which 24 owner occupied Heil Park condominium units were constructed for low-income families.

- **20% Set-Aside Housing Program** – The use of the 20% Set-Aside funds for housing related activities was actively employed in the latter half of the planning period with the establishment of the First Time Home Buyers program, the Moderate Income Housing Rehabilitation program, and the Target Neighborhood programs. The CHAS was prepared in 1994 and outlined the comprehensive housing strategy for the use of CDBG and the City's Set-Aside funds. The CHAS was replaced in 2000 with the Consolidated Plan. Although a quantified objective was not established for the planning period, the new program assisted 39 First Time Homebuyers, and 7 Mortgage Credit Certificates were issued through the County. As well, the City assisted 15 moderate-income households with \$30,000 silent second mortgages for the new Centrepark owner-occupied project.
- **General Plan Revision Program** – The City's revised General Plan was adopted in 1995. A significant part of the General Plan revision was the identification of residential sites for development in order to reduce the shortfall of potential units through recycling of underutilized residential and non-residential parcels, vacant land, and surplus school sites. In addition, a Development Potential Survey was conducted in 1999 in preparation for the 2000 Housing Element update. This program is no longer required, as a development Potential survey will be conducted prior to future mandated Housing Element updates.
- **Equal Housing Opportunity** – All of the objectives established to promote equal housing opportunity were met.
- **Development Standards Review/Density Bonus Implementation Ordinance** – The City revised the Zoning Code prior to 1994 to incorporate the density bonus requirements pursuant to state law, and modified provisions of the Affordable Housing Zone to promote the development of affordable housing. As part of the Zoning Code update to be completed by January 2001, a new Density Bonus Overlay Zone is being established which will incorporate many of the flexibility features of the previous Affordable Housing Zone.

The following program did not achieve the established quantified objectives.

- **Land Use Element – Adequate Sites** – The quantified objective for this program was to meet the needs allocation established by the RHNA of 708 units. The 1961 Land Use Element, as amended, served as the basic policy guide for the City. The land use plan did not provide adequate sites, as currently designated, to provide to number of dwelling units required to meet the RHNA allocation. To meet the demand for very low and low-income households generated by the RHNA, the Petrolane site and new construction under the Affordable Housing Zone was intended to reduce the shortfall. Other anticipated development included 298 single-family homes on two surplus school sites.

During the 1989 to 1998 period, a total of 323 units were actually constructed. Of these, 71 units were developed for very low-income households, and 24 were developed for low-income households. A significant shortfall occurred in the production of units for the moderate and above moderate-income categories. Several factors caused the level of housing production in the City to fall short of the City's RHNA allocation. Analysis of housing trends and population growth in the City during this period indicate that there was limited possibility for the construction of enough housing to accommodate the projected needs. In the early 1990's, a combination of the recession, changes in residential real estate lending practices, changes in the residential insurance market relating to earthquakes and fires, increasing foreclosure rates associated with the impacts of the recession on the job market, and increasing "construction defect litigation" combined to result in an economic downturn in the Southern California development environment. These factors resulted in a relatively stagnant housing production during the 1990's. This slow growth in the economy is highlighted by the difference between the high rate of housing growth projected by the RHNA and the amount of

growth that actually occurred. There was no developer interest in projects that the City anticipated, such as a 60 to 80 unit SRO on the site. In addition, projects anticipated to be developed for lower income households were actually developed and sold or rented at market rates.

The combination of new construction with the Redevelopment Agency's proactive rehabilitation and homeowner assistance programs in the later half of the planning period is significant. As shown in Table 48 (previous), the City made substantial progress in achieving its quantified objectives for rehabilitation and homeowners assistance targets, particularly in the lower income categories. Additionally, Fountain Valley's existing stock of single and multi-family homes served as a valuable resource in providing a resource for affordable housing. However, the number of rental units in the City is limited and the average home price in the City during this period exceeded the capacity of lower income households. During this recessionary planning period, the most cost effective and politically feasible approach to meet the demand for housing included the cultivation of existing housing resources through rehabilitation, neighborhood improvements, provision of financial support (in the form of Section 8 vouchers to very low income households), and approval of new development projects as the market could support them. These programs rehabilitated 363 single family units, conserved 2,200 multi-family units, provided new home opportunities to 39 households, and, on an annual basis, assisted 114 very low income renter households.

V. Review of Previous Element

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VI. GOALS, POLICIES, PROGRAMS AND QUANTIFIED OBJECTIVES

An important component of the Housing Element is the City's quantification of what it will achieve during the current planning period. This is accomplished with a statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing. This analysis must include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element. The legislative requirements for what must be included in the five-year Action Plan are as follows:

- Improvement and conservation of housing, including affordable housing stock. Sec.65583(b)& Sec.65583(c)(4);
- Production of housing as set forth in the goal and objectives Sec.65583(b);
- Assist in the development of housing to meet the needs of low- and moderate-income households. Sec.65583(c)(2);
- Address, and where possible, remove governmental constraints Sec.65583(c)(3);
- Adequate sites for housing Sec.65583(c)(1);
- Adequate provision of housing for existing and projected needs, including regional share, for all economic segments of the community Sec.65583(c);
- Promotion of equal housing opportunities for all persons. Sec.65583(c)(6);
- Preserve assisted housing at risk of converting to non-low income uses. Sec.65583(c)(6);

This section of the Housing Element presents the City's Housing Action Plan for the period 2000 – 2005. The goals, policies and programs described below reflect the findings of the assessment of the City's needs and an evaluation of the accomplishments since the last Housing Element planning period began in 1989.

This section of the Housing Element presents the City's Housing Action Plan for the period 2000 – 2005. The goals, policies and programs described below reflect the findings of the assessment of the City's needs and an evaluation of the accomplishments since the last Housing Element was adopted in 1989.

A. GOALS, STRATEGIES, AND ACTIONS

Issue #1 Improve and Preserve Existing Residential Neighborhoods

Discussion:

New construction represents a relatively small percentage of the City's total housing inventory. The preservation and rehabilitation of the existing housing stock, especially affordable apartments, is essential in order for the City to meet its housing needs. Of particular concern are assisted rental projects that are eligible to convert to market rate due to the expiration of agreements between the owners and government agencies. Fortunately, there are no such units at risk of expiration during the planning period.

VI. Goals, Policies and Programs and Quantified Objectives

It is also recognized that relatively mature cities such as Fountain Valley require ongoing investment for the general maintenance and periodic replacement of infrastructure such as streets, sidewalks, water and wastewater systems, storm drains, street lights, landscaping and other public facilities in order to maintain the quality of residential neighborhoods. Without this public investment, residents and landlords may be discouraged from making needed repairs to their properties and gradual deterioration may occur. In addition to the City's General Fund, the Federal CDBG program provides financing for infrastructure maintenance and replacement.

Improving and preserving existing residential neighborhoods throughout the City is a high priority for the City of Fountain Valley. In addition to the physical need for rehabilitation exhibited by Fountain Valley's aging housing stock, 1990 Census data indicates that an economic need also exists on the part of many homeowners. According to 1990 Census data, over one-half of the City's low-income homeowners and almost one-third of the City's total homeowners pay in excess of 30% of their incomes towards housing costs.

The primary constraint to preserving the City's existing residential neighborhoods is that of the limited financial resources used to finance the City's home improvement programs. The City participates in a variety of programs that provide assistance and incentives to property owners for carrying out needed repairs. Projects eligible to convert to market rate will be evaluated for opportunities to extend existing commitments to maintain rents at affordable levels. The City of Fountain Valley will use various funding sources including CDBG, HOME and Redevelopment 20% Housing Set-Aside funds to preserve the City's existing housing stock and increase the supply of affordable housing in the City. This will be accomplished through the implementation of a variety of neighborhood improvement programs including the City's home improvement, code enforcement, infrastructure improvement and NICE Neighborhoods programs. It is recommended that the City consider the allocation of a portion of funding to a rental rehabilitation program.

Goal 1: Encourage the use, maintenance and rehabilitation of the City's existing stock of housing, particularly its supply of sound single family homes, as an affordable housing resource.

Strategies and Actions

Strategy 1a: The Fountain Valley Agency for Community Development shall continue to provide the financial and technical support necessary to implement a concentrated rehabilitation and code enforcement effort in selected target areas.

Strategy 1.b: Advertise and promote the availability of funds for the rehabilitation of single family dwellings, mobile homes and multi-family structures.

Strategy 1c: Periodically evaluate housing conditions in the City and, when appropriate, address any increase in deteriorated housing conditions.

Strategy 1d: Continue to enforce health, safety and zoning codes to eliminate conditions which are detrimental to health, safety and general welfare of residents.

Strategy 1e: Provide public services and improvements that enhance and create neighborhood stability.

Action: Continue use of CDBG funds, Housing Set-Aside funds and HOME funds, as available, for housing rehabilitation and preservation, and for improvement of infrastructure, within the Neighborhood Improvement Target Area(s) and City-wide as applicable.

Action: Ensure that currently sound housing is maintained through code enforcement activities and the Fountain Valley Agency for Community Development Home Improvement Programs.

Action: Use CDBG and Set-Aside funds to preserve and improve the City's existing housing stock and improve infrastructure.

Action: Maintain the code enforcement program to ensure building safety and integrity of neighborhoods.

Action: Consider the expansion of rehabilitation programs offered by the City to include below market rate loans for the rehabilitation of rental units.

Action: Identify existing apartment complexes in need of repair and provide financial assistance or other incentives to encourage the owner to make a substantial investment in rehabilitation and ongoing maintenance and guarantee long-term affordability. Where appropriate, the development of additional units may be permitted as one incentive.

Implementing Programs

- 1a. Home Improvement Programs (Neighborhood Revitalization program, Housing Rehabilitation program, and Mobile Home Rehabilitation program)
- 1b. Code Enforcement Program
- 1c. Public Facility and Infrastructure Improvement Program
- 1d. Neighborhood Improvement and Community Enhancement (NICE Neighborhoods)

Goal 2: Conserve existing affordable housing in the City through participation in housing assistance programs, regulatory powers and discouraging the conversion of apartments to condominiums

Strategies and Actions

Strategy 2a: The City will not undertake any CDBG activities which will result in the displacement of low and moderate income households, or the demolition of any legally approved units currently being occupied by low income households.

Strategy 2b: Conserve the existing stock of rental housing. Limit the proportion of multi-family housing units permitted to convert to owner-occupied status.

Action: Permit the conversion of up to 5% of the existing apartment stock to condominiums or other forms of owner-occupied housing. Develop a Condominium Conversion Ordinance requiring that a portion of units be made available to low- and moderate-income buyers in exchange for the City's financial assistance.

Action: Continue to assist 100 very low-income recipients per year with Section 8 Vouchers.

Action: Monitor the status of projects with assisted units.

VI. Goals, Policies and Programs and Quantified Objectives

Implementing Programs

- 2a. Condominium Conversion Ordinance
- 2b. At Risk Housing Conversion Evaluation Recommendations

Issue 2: How can the City promote affordable housing opportunities?

Discussion:

One of the key priorities of the City is to assist in the development of affordable housing by providing financial incentives to the private development sector for the construction of affordable housing. Recent developments in the City include the 24 unit Heil Park townhouse project built in 1993, and the 15-unit Centrepark Homes project completed in 1996. Early in the previous planning period, Guadalupe Manor was completed, providing 71 units affordable to very low-income seniors.

The City is currently coordinating a potential development which, if completed, will serve to meet the RHNA allocations for lower income households for the 2000-2005 planning period. This potential development project may involve the construction of affordable senior housing units on a parcel of land currently owned by the Fountain Valley School District. In 1999, the School District initiated a Request for proposals process to identify qualified developers for the project. The School District Board has since selected a single qualified developer, and is currently in negotiations with that developer for development of the property.

Under the proposal, the 11.28-acre site would be developed with a 150-unit senior citizen affordable housing community, a 17,000 square foot senior center and 30 market rate single family homes. The City is positioned to assist in the project with Redevelopment Set-Aside funding if requested.

In addition, the City has established the promotion of affordable homeownership opportunities as a primary priority. As discussed in earlier sections, the high cost of housing in Fountain valley makes it difficult for first time homebuyers to purchase a home without assistance. Less than 10% of the homes sold in Fountain Valley during 1999/2000 were sold at prices affordable to a family of four earning less than 80% of the County median income.

The primary constraint to homeownership is the high cost of housing. Very few low-income households can qualify for financing to purchase a home without a large downpayment to reduce the principal. Without outside assistance, most low-income households have a minimal opportunity to purchase a home. The City provides first-time homebuyer assistance to low- and moderate- income households through its Home Equity Loan Program (HELP). Under the HELP, the City provides eligible low and moderate first time homebuyers with financial assistance in the form of a "silent second" mortgage. In addition to assisting homebuyers through the implementation of this program, The City participates, when available, in the County of Orange's Mortgage Credit Certificate (MCC) Program. The MCC provides qualified homebuyers with an annual federal tax credit equal to an amount of 15% of the total mortgage interest paid by the homeowner each year.

While most direct housing assistance is funded by federal or state programs, the City can help its residents by providing information on available programs, by assisting with program administration, or by providing additional financial assistance. One of the best known such programs for rental households is the Section 8 Rental Assistance Program, which provides rent subsidies to low-income households. This program is administered locally by the County of Orange Housing Authority.

Goal 3: Promote and encourage affordable housing opportunities.

Strategies and Actions

Strategy 3a: Accomplish the production of affordable housing on vacant, infill sites and underutilized non-residential sites to the greatest extent possible.

Strategy 3b: Assist in creating opportunities to develop affordable housing in the community through strategic acquisition of land resources.

Strategy 3c: Promote the use of the new Density Bonus Overlay Zone to facilitate the production of housing at higher densities necessary to support the construction of affordable housing.

Strategy 3d: Encourage regulatory actions and incentives that will advance the development of affordable housing such as 1) reducing permit processing time and waiving or reducing applicable permit fees; 2) Density Bonus Overlay Zone; 3) tax-exempt financing; 4) flexibility in zoning or development standards.

Strategy 3e: Promote and expand affordable home ownership opportunities for lower and moderate income households in the City.

Strategy 3f: Pursue available housing assistance programs provided by Federal, State, private and local sources to support development and/or purchase or rental of housing to meet the City's fair share of housing at affordable rates.

Strategy 3g: Increase the number of residential units in the City for the elderly and/or disabled households by providing assistance, where possible, in the development of new or the acquisition of existing housing resources accessible to and usable by the elderly and/or disabled persons.

Strategy 3h: Address the long and short term needs of those who are homeless through provision of opportunities for affordable housing per the Zoning Code, and continue support of local private and non-profit groups which provide emergency shelter and transitional housing support for City residents.

Action: Actively promote, assist and facilitate the development of the proposed affordable 150 unit senior housing complex and 30 market rate single family units on the underutilized Fountain Valley School District site.

Action: Adopt the Density Bonus Overlay Zone as an incentive to developers who set-aside 25% of the proposed project as low and moderate income units.

Action: The City will provide fast track processing for housing proposals which will provide affordable housing for low and moderate income households. When feasible and necessary, the City will pay development fees, assist with land acquisition and offsite improvements, assist with securing federal or state housing financing resources or other forms of Redevelopment Agency assistance to private developers who propose new construction, mixed-use and infill projects with affordability components.

Action: The City will use CDBG funds to write down costs of acquiring sites for projects which set-aside at least 51% of the units for low and moderate income households. At least one-half of the set-aside units must be for moderate-income households. The rents on these units cannot exceed 30% of the household income.

VI. Goals, Policies and Programs and Quantified Objectives

Action: The Redevelopment Agency shall continue to provide favorable home purchasing options to low and moderate income households through its HELP program and the County of Orange's Mortgage Credit Certificate Program. Strive to assist 20 first time homebuyers per year and 2 recipients of Mortgage Credit Certificates per year.

Action: Continue to support innovative public, private and non-profit housing development organizations' efforts in the provision of affordable housing, particularly for special needs groups.

Action: Continue to participate with the Orange County Housing Authority in the placement of a targeted 100 Section 8 Housing Assistance Vouchers per year.

Action: Continue working with various organizations and agencies who provide assistance to persons with special needs such as the homeless, handicapped, low income and elderly persons.

Action: Utilize public finance tools when available, including multi-family revenue bonds, California Housing Finance Agency to provide below market rate mortgage financing for both sales and rental units as applicable, and Low Income Tax credit program if developers/investors are interested.

Implementing Programs

- 3a. HELP – First Time Homebuyers Program
- 3b. Mortgage Credit Certificate Program
- 3c. 20% Set-Aside Housing Program
- 3d. Section 8 Housing Assistance Vouchers
- 3e. Density Bonus Overlay Zone
- 3f. Development Incentives
- 3g. Land Acquisition

Issue 3: How will the City accommodate its fair share of the region's new housing need through 2005?

Discussion:

Through the Regional Housing Needs Assessment process, each jurisdiction is allocated a portion of the region's identified housing need through the year 2005. Fountain Valley's fair share of this need according to income category is as follows: Very Low Income – 53 units; Low Income – 37 units; Moderate Income – 61 units; Above Moderate Income – 154 units.

State law requires that cities adopt plans and policies to address their fair share of housing need. The City proposes to address its need through a variety of policies and programs that minimize constraints to the development of new housing and proactively assist in the development of housing for persons of low and moderate incomes. One of the City's most important resources for housing production is vacant and underutilized land. Based on current land use designations, the City has the development capacity of

about 590 units, not inclusive of the 456 senior active living rental units currently under construction on vacant land within the Medical Center Specific Plan, which well exceeds the City's fair share of regional housing need. A number of other residential developments are underway in the negotiation and planning stages, including 150 senior and 30 single family detached units on a Fountain Valley School District site, and 78 single family units on an agricultural site. Although general economic conditions will have a major effect on the amount of construction that will occur over the next five years, these policies and actions will enable the City to accommodate its fair share of the region's housing need.

Goal 4: Promote and encourage the development of a variety of housing opportunities suitable to the needs of, and sufficient in number to accommodate current and projected households.

Strategies and Actions

Policy 4a: Promote the construction of additional dwelling units to accommodate Fountain Valley's share of regional housing needs in accordance with adopted land use policies.

Policy 4b: Promote infill housing development on vacant land within existing neighborhoods and recycling of underutilized non-residential parcels.

Policy 4c: Promote and encourage the use of innovative construction methods, design standards, lot configurations, and energy conservation techniques which will facilitate the production of quality, affordable and attractive new housing which varies in type, design, form of ownership, and size, and is compatible with abutting development.

Policy 4d: Encourage new housing construction for homeownership in a mixture of price ranges.

Policy 4e: Promote development of compatible mixed-use projects with residential components at medium to high densities within commercial designations, where determined appropriate.

Policy 4f: Remove governmental constraints to the production of housing.

Action: Continue to facilitate the construction of 456 active senior living apartments within the Medical Campus Specific Plan, and the proposed 150 units of affordable senior housing complemented by 30 units of market rate single family detached housing on the School District site.

Action: Strive to acquire one additional site towards the development of a project with affordable units.

Action: Utilize Planned Community districts or Specific Plans to authorize and promote a variety of lot sizes and housing types within subdivisions within any remaining large tracts of land or within the potentially recycled school district sites.

Action: Develop remaining school district sites for residential uses, permitting an increased densities for those sites for projects that offer affordable or senior units.

Action: Focus use of financial resources on recycling activities in the underutilized Fountain Valley School District sites through the issuance of an RFP for housing proposals.

Action: As part of the Zoning Code Update, review all development standards that might be an impediment to the development of housing. Generate development standards for mixed-use projects with residential components.

VI. Goals, Policies and Programs and Quantified Objectives

Action: Adopt the Density Bonus Overlay Zone as part of the Zoning Code Update. Revise Code, as applicable, to include current Affordable Housing Zone provisions for flexibility in parking, minimum unit size requirements, site development standards and other provisions to make the Density Bonus Overlay Zone attractive to developers.

Action: Apply the Density Bonus Overlay Zone provisions in residential zones where developers propose projects with affordable housing components. Actively promote the application of the Density Bonus Overlay provisions in conjunction with redevelopment projects, mixed-use in commercial zones, and senior projects.

Action: Continue to maintain mobile home park zoning in the R-4 zone to preserve mobile home parks as a valuable resource for affordable unit types, and require a zone change procedure for any mobile home park conversion application.

Action: Amend the Zoning Code to permit emergency shelters and transitional housing with a CUP in the R-4 and Commercial Zones.

Implementation Programs

- 4a. Land Use Element, Zoning Code
- 4b. Vacant and Underutilized Land Inventory
- 4c. Site Acquisition (20% Set-Aside Housing Fund)
- 4d. Zoning Code Update - Development Standards Review, Mixed-Use Development Standards, Sites for Emergency Shelters and Transitional Housing, Density Bonus Overlay Zone criteria
- 4e. Application of Density Bonus Overlay Zone

Issue 4: How can the City help persons in need of housing assistance?

Discussion: Equal housing opportunity is a fundamental right of all Americans. Federal and state fair housing laws make discrimination illegal, but enforcement action is sometimes necessary to ensure that those existing laws are upheld. Federal law also requires new buildings to make reasonable accommodation for persons with disabilities. The City conducted a "fair housing" impediments analysis during the 1989-94 period pursuant to CDBG regulations. Such analysis is an on-going process. As well, the City established procedures for referring residents with redlining complaints to appropriate lending, state and federal agencies. These procedures shall be continued as established into this planning period..

Goal 5. To promote housing opportunities for all persons regardless of race, age, religion, sex, marital status, ancestry, national origin, or color.

Strategies and Actions:

Strategy 5a. Continue to support fair housing laws and organizations that provide fair housing information and enforcement.

Strategy 5b: Achieve equal housing opportunities for all persons and families in housing programs supported by the City..

Strategy 5c: Reduce the isolation of income and ethnic/racial grouping in the City through promotion of citizen interaction and provision of expanded economic opportunities.

Policy 5d: Remove regulatory constraints that impede equal opportunity in the City.

Action: The City will contract with the Fair Housing Council of the County of Orange to provide investigation and counseling assistance for redress of alleged violations of federal and state housing laws.

Action: Continue to follow the established protocol for referral of residents with redlining complaints to the appropriate authority.

Action: Minimize the displacement of lower income and special needs households whenever possible and, where necessary, to ensure that displacement is carried out in an equitable manner.

Action: As part of the Zoning Code Update process, revise provisions in the Zoning Code or other portions of the municipal code as necessary to ensure that any residential development, transitional housing or emergency shelter is not restrictive because of method of financing, race, sex, national origin, marital status or disability of its owners or intended occupants.

Action: Provide financial assistance from CDBG funds to fair housing organizations.

Action: Continue to require compliance with Americans with Disabilities Act standards in all new multi-family and redevelopment projects, and continue to enforce the building code provisions requiring accessible design.

Action: Obtain annual Community Reinvestment Act reports from local lenders and negotiate favorable terms for low- and moderate-income homebuyers and multi-family projects.

Implementing Programs

- 5a. Community Reinvestment Act – Referral of Redlining Complaints
- 5b. Fair Housing Impediments Analysis – Zoning Code Update
- 5c. Orange County Fair Housing Council

VI. Goals, Policies and Programs and Quantified Objectives

B. IMPLEMENTATION PROGRAMS

The following table identifies available federal, state and local resources available to the City of Fountain Valley for accomplishing its goals and quantified objectives. The City has prepared a Consolidated Plan for the 2000-2005 planning period, which identifies and describes the CDBG and Fountain Valley Agency for Community Development 20% Set-Aside Funds. These programs are also included in the following table.

TABLE 49
RESOURCES AVAILABLE FOR HOUSING ACTIVITIES
CITY OF FOUNTAIN VALLEY

Program	Description	Eligible Activities
Local Resources		
Fountain Valley Agency for Community Development Low Income Set-Aside Fund	Funds received from increased property taxes generated by property improvements sponsored by the Agency's six redevelopment project areas. Twenty percent (20%) of these property tax funds must be set aside for the development, preservation, or rehabilitation of affordable housing.	▪ New Construction ▪ Housing Rehabilitation - Single Family Residential loans ▪ Replacement Housing ▪ Neighborhood Improvement & Community Enhancement (NICE Neighborhoods) Program ▪ Code Enforcement ▪ Public Facility and Infrastructure Improvement Programs ▪ Home Equity Loan Program (HELP) First Time Homebuyers Assistance ▪ Rental Rehabilitation ▪ Mobile Home Rehab Program ▪ Senior Housing Assistance
Density Bonus	The City allows an increase in density to developers who set-aside at least 25% of their project to low-and moderate-income persons, in conjunction with at least one financial and one development incentive	▪ Density Bonus
Tax-Exempt Bonds	The Agency for Community Development and the City have the authority to issue tax-exempt bonds. Bond proceeds are used to develop affordable housing	▪ Housing Development
City/Agency Land Banking	If available and appropriate, City or Agency acquired owned land may be made available	▪ Housing ▪ Community Facilities
State Resources		
Mortgage Credit Certificate (MCC)	Federal tax credit for low- and moderate-income homebuyers who have not owned a home in the past three years. Allocation for MCC is provided by the State	▪ First Time Home Buyer Assistance
California Department of Housing & Community Development Predevelopment Loan Program	Low interest loans for the development of affordable housing with non-profit agencies	▪ Predevelopment Loans

TABLE 49
RESOURCES AVAILABLE FOR HOUSING ACTIVITIES
CITY OF FOUNTAIN VALLEY

Program	Description	Eligible Activities
Proposition 1A	Proposition 1A includes provisions to establish a Downpayment Assistance Program and a Rent Assistance Program using school fees collected from affordable housing projects. Potential buyers or tenants of affordable housing projects are eligible to receive assistance in the form of down-payment assistance or rent subsidies from the State at amounts equivalent to the school fees paid by the affordable housing developers for that project in question. This programs structure and implementation strategy has not yet been determined by the State of California	▪ Downpayment Assistance ▪ Rental Assistance
Emergency Shelter Program	Grants awarded to non-profit organizations for shelter support services	▪ Support Services
Mobile Home Park Conversion Program (M Prop)	Funds awarded to mobile home park tenant organizations to convert mobile home parks to resident ownership	▪ Acquisition ▪ Rehabilitation
California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders and developers of multiple family and elderly housing. Tax-exempt bonds provide below-market mortgage money	▪ New Construction ▪ Rehabilitation ▪ Acquisition of Properties (20-150 units)
California Housing Rehabilitation Program	Low interest loans for the rehabilitation of substandard homes owned and occupied by lower-income households. City and non-profits sponsor housing rehabilitation projects.	▪ Rehabilitation ▪ Repair of Code Violations ▪ Property Improvements
California Housing Finance Agency Home Mortgage Purchase Program	CHFA sells tax-exempt bonds to provide below-market loans to first time homebuyers. Program is operated through participating lenders that originate loans purchased by CHFA	▪ Homebuyer Assistance
Low Income Housing Tax Credit (LIHTC)	Tax credits available to individuals and corporations that invest in low-income rental housing. Tax credits are sold to corporations and people with high tax liability, of which the proceeds are utilized for housing development	▪ Rehabilitation ▪ New Construction ▪ Acquisition

VI. Goals, Policies and Programs and Quantified Objectives

TABLE 49
RESOURCES AVAILABLE FOR HOUSING ACTIVITIES
CITY OF FOUNTAIN VALLEY

Program	Description	Eligible Activities
Federal Resource -Entitlement		
Community Development Block Grant (CDBG)	Entitlement program that is awarded to the City on a formula basis. The objectives are to fund housing activities and expand economic opportunities. Project must meet one of three national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums or blight; or meet other urgent needs.	▪ New Construction ▪ Section 108 Loan Repayments ▪ Historic Preservation ▪ Admin. & Planning ▪ Code Enforcement ▪ Public Facilities Improvements ▪ Housing Activities
HOME Investment Partnership (HOME) Program	Grant program for housing. The intent of this program is to expand the supply of decent, safe, and sanitary affordable housing. HOME is designed as a partnership program between the federal, state, and local governments, non-profit and for-profit housing entities to finance, build/rehabilitate and manage housing for lower-income owners and renters	▪ Multi-Family Acquisition/Rehab ▪ Single-Family ▪ CHDO Assistance ▪ Administration
Emergency Shelter Grants (ESG)	Annual grant funds are allocated on a formula basis. Funds are intended to assist with the provision of shelter and social services for homeless	▪ Homelessness Prevention ▪ Essential Services ▪ Operating Expenses
Housing Opportunities for Persons with AIDS (HOPWA)	Funds are allocated to Santa Ana, the County seat, on behalf of all jurisdictions in Orange County. Funds are made available countywide for supportive social services, affordable housing development, and rental assistance to persons with HIV/AIDS.	▪ Rental Assistance ▪ Supportive Social Services ▪ Administration
Mortgage Credit Certificate Program	Under the MCC Program, first-time homebuyers receive a tax credit of up to 15% of the mortgage interest paid for the year based on a percentage of the interest paid on their mortgage. This credit typically amounts to \$80 TO \$125 monthly. This program may be used alone or in conjunction with a Down Payment Assistance Loan.	▪ Home Buyer Assistance
Low-income Housing Credit (LIHTC)	Program encourages the investment of private capital for the creation of affordable rental housing for low-income households. Tax credits are available to individuals and corporations who invest in such projects.	▪ New Construction ▪ Housing Rehabilitation ▪ Acquisition

TABLE 49
RESOURCES AVAILABLE FOR HOUSING ACTIVITIES
CITY OF FOUNTAIN VALLEY

Program	Description	Eligible Activities
Federal Resources – Competitive		
Supportive Housing Grant	Grants to improve quality of existing shelters and transitional housing. Increase shelters and transitional housing facilities for the homeless	▪ Housing Rehabilitation
Section 8 Rental Assistance	Rental assistance program which provides a subsidy to very low-income families, individuals, seniors and the disabled. Participants pay 30% of their adjusted income toward rent.	▪ Rental Assistance
Section 202	Grants to non-profit developers of supportive housing for the elderly	▪ Acquisition ▪ Rehabilitation ▪ New Construction ▪ Rental Assistance ▪ Support Services
Section 811	Grants to non-profit developers of supportive housing for person with disabilities, including group homes, independent living facilities and intermediate care facilities	▪ Acquisition ▪ Rehabilitation ▪ New Construction ▪ Rental Assistance
Shelter Care Plus	Provides grants for rental assistance for permanent housing and case management for homeless individuals with disabilities and their families	▪ Rental Assistance ▪ Homeless Prevention
Home Ownership for People Everywhere (HOPE)	HOPE program provides grants to low income people to achieve homeownership. The three programs are: HOPE I—Public Housing Homeownership Program HOPE II—Homeownership of Multi-family Units Program HOPE III—Homeownership for Single Family Homes	▪ Homeownership Assistance
Section 108 Loan	Provides loan guarantee to CDBG entitlement jurisdictions for pursuing large capital improvement or other projects. The jurisdiction must pledge its future CDBG allocations for loan repayment. Maximum loan amount can be up to five times the entitlement jurisdiction's most recent approved annual allocation. Maximum loan term is 20 twenty years.	▪ Acquisition ▪ Rehabilitation ▪ Home Buyer Assistance ▪ Homeless Assistance

VI. Goals, Policies and Programs and Quantified Objectives

**TABLE 49
RESOURCES AVAILABLE FOR HOUSING ACTIVITIES
CITY OF FOUNTAIN VALLEY**

Program	Description	Eligible Activities
Private Resources		
Federal National Mortgage Association (Fannie Mae)	Community Home Buyer Program – Fixed rate Mortgages	Homebuyer Assistance
	Community Home Improvement Mortgage Program – Mortgages for both purchase and rehabilitation of a home	Homebuyer Assistance/Rehab
	Fannie Neighbor – Under served low-income minorities are eligible for low down-payment mortgages for the purchase of single family homes	Expand Home Ownership for Minorities
California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium that pools resources to reduce lender risk in financing affordable housing. Provides long term debt financing for affordable multi-family rental housing	- New Construction - Rehabilitation - Acquisition
Federal Home Loan Bank Affordable Housing Program	Direct subsidies to non-profit and for-profit developers, and public agencies for affordable low-income ownership and rental projects	- New Construction - Expand Home Ownership for Lower Income Persons
Orange County Affordable Housing Clearinghouse	Non-profit lender consortium	- Construction Financing - Permanent Financing
Orange County Neighborhood Housing Services	Non-profit	Homebuyer Assistance Rehabilitation

Source: The Planning Center: 1999

VII. FIVE-YEAR ACTION PLAN

An important component of the Housing Element is the City's quantification of what it will achieve during the current planning period. This is accomplished with a statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing. This analysis must include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element. The legislative requirements for what must be included in the five-year Action Plan are as follows:

- Improvement and conservation of housing, including affordable housing stock. Sec.65583(b)& Sec.65583(c)(4);
- Production of housing as set forth in the goal and objectives Sec.65583(b);
- Assist in the development of housing to meet the needs of low- and moderate-income households. Sec.65583(c)(2);
- Address, and where possible, remove governmental constraints Sec.65583(c)(3);
- Adequate sites for housing Sec.65583(c)(1);
- Adequate provision of housing for existing and projected needs, including regional share, for all economic segments of the community Sec.65583(c);
- Promotion of equal housing opportunities for all persons. Sec.65583(c)(6);
- Preserve assisted housing at risk of converting to non-low income uses. Sec.65583(c)(6);

This section of the Housing Element presents the City's Housing Action Plan for the period 2000 – 2005. The goals, policies and programs described below reflect the findings of the assessment of the City's needs and an evaluation of the accomplishments since the last Housing Element planning period began in 1989.

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A. ACTION PLAN SUMMARY

**TABLE 50
HOUSING ACTION PLAN SUMMARY
2000-2005**

Implementation Program(s)	Action	Plan Objective	Funding Source	Responsible Agency	Time Frame
Improve and Preserve Existing Residential Neighborhoods					
Home Improvement Program	Use CDBG and Set-Aside Funds to preserve and improve the City's existing housing stock using the Neighborhood Revitalization program, the Housing Rehabilitation program and the Mobile Home Rehabilitation program. Target homes identified in the Housing Conditions Survey conducted in 1999.	Assist 30 housing units per year	\$1.25 million CDBG Program Funds \$1.75 million Housing Set-Aside Funds	HUD, Orange County Housing Authority, City of Fountain Valley Department of Housing and Community Development, Fountain Valley Agency for Community Development	Annually
Code Enforcement Program	Use CDBG and Set-Aside funds to bring up to code the City's existing housing stock, targeting units in the La Colonia neighborhood and those identified in the housing conditions survey. Continue current program of periodic neighborhood reviews and responding to complaints	Assist 250 housing units per year	\$200,000 CDBG Program Funds \$350,000 Housing Set-Aside Funds General Fund	Fountain Valley Agency for Community Development Building Inspector Code Enforcement personnel	On-going
Infrastructure Improvement Program	Use CDBG funds to improve the City's existing infrastructure	Assist 6 housing units over 5-year period	\$250,000 CDBG Funds	Fountain Valley Agency for Community Development	By 2005
Condominium Conversions	Continue current policy of discouraging apartment to condominium conversions. Allow for up to 5% of existing rental stock to be converted.	Conserve as rental housing 2,200 +/- apartment units	None required	Department of Planning and Building	Continuing Basis
At-Risk Housing Conservation	Continue to monitor units at risk of conversion to market rate	Conserve affordable housing units in the City. No units are at risk during the planning period.	General Fund, CDBG Fund, 20% Set-Aside funds	Housing and Community Development, Departments of Planning and Building	On-going
Neighborhood Improvement and Community Enhancement (NICE Neighborhoods) program	Target rehabilitation, code enforcement, public improvements and community development programs to the La Colonia neighborhood	Revitalize and enhance the neighborhood. Correct all code enforcement violations and housing problems.	General Fund, CDBG Fund, 20% Set-Aside funds	Housing and Community Development Department	By 2005

**TABLE 50
HOUSING ACTION PLAN SUMMARY
2000-2005**

<i>Implementation Program(s)</i>	<i>Action</i>	<i>Plan Objective</i>	<i>Funding Source</i>	<i>Responsible Agency</i>	<i>Time Frame</i>
Promote Affordable Housing Opportunities					
Home Equity Loan Program (HELP)	Assist low and moderate income homebuyers with a second "silent" mortgage of \$35,000	Assist 20 housing units per year	\$2.4 million Housing Set-Aside Funds	Fountain Valley Agency for Community Development	On-going
Land Acquisition Program	The City acquires land and resells it to developers of affordable housing	Assist 150 total senior units	\$4.7 million Housing Set-Aside Funds	Fountain Valley Agency for Community Development	Year 2001-2002
Mortgage Credit Certificates (MCC's)	Continue to assist first-time homebuyers with mortgage assistance	Assist 2 households per year	MRB Allocation	Fountain Valley Agency for Community Development County of Orange Housing Authority	Annually
Density Bonus Overlay Zone	As part of Zoning Code Update, incorporate Density Bonus into all residential zones; encourage use of Bonus in multi-family residential developments, and mixed-use with residential components	20-40 new units during the five-year planning period	None required	Housing and Community Development, Departments of Planning and Building	2000-2005
HUD Section 8 Rental Assistance	Through partnership with Orange County Housing Authority (OCHA), provide affordable housing opportunities through the provision of HUD Section 8 Rental Assistance to extremely low and very low-income persons/households including seniors, disabled persons and those with special needs	In January 2000, OCHA and the City provide 114 certificates and vouchers to residents of Fountain Valley. The City intends to continue in its current working relationship with OCHA and anticipates that the number of renter households being assisted under the Section 8 program will remain fairly steady. Target assistance of a minimum of 100 households per year.	HUD	HUD, Orange County Housing Authority, City of Fountain Valley Agency for Community Development	2000-2005
Community Reinvestment Act (CRA)	The City will request annual Community Reinvestment Act Reports from local lenders in order to encourage more fair lending practices and affordable housing. The City will then contact lenders after reviewing the report to negotiate favorable terms for low- and moderate-income families.	Ensure the availability of financing for affordable housing projects.	CRA	Departments of Planning and Building	2000-2005

City of Fountain Valley
HOUSING ELEMENT UPDATE

TABLE 50
HOUSING ACTION PLAN SUMMARY
2000-2005

Implementation Program(s)	Action	Plan Objective	Funding Source	Responsible Agency	Time Frame
<i>Investigate, describe and promote the availability of adequate housing sites</i>					
Land Use Element (housing Element)	Identify adequate sites and achieve construction of RHNA fair share allocation by 2005 - Continue to support the 456 unit South Palm Island senior active living project on Medical Center Specific Plan site - Target, based on past trends, the development of 28 single family infill units on R-1 land - Rezone .46 acres of C-1 land for 8-10 units of High Density Residential - Facilitate development of 150 affordable senior rental units and 30 market rate ownership units - Facilitate the construction of 78 single family units on 18.6 acre site currently zoned A-1 - Conduct feasibility analysis for recycling of remaining school sites. Issue RFP.	Construct 53 Very Low, 37 Low, 60 Moderate, and 154 Above Moderate housing units (304 total) during the 1998-2005 planning period	General Fund	Departments of Planning and Building	1998-2005 2000-2001 2000-2003 2000-2005 2003 2000-2002 2000-2002 RFP – 2001
Sites for Emergency Shelter and Transitional Housing	Provide adequate sites for emergency shelters and transitional housing.	Amend the Zoning Code to permit emergency shelters and transitional housing with a CUP in the R-4 and Commercial Zones.	Emergency Shelter Grants 20% Set-Aside Funds General Fund	Housing and Community Development Department, Agency for Community Development	As part of Zoning Code update 2001
Site Acquisition	Continue to landbank sites as an assistance incentive to development	Acquire one additional site	20% Set-Aside Fund	Fountain Valley Agency for Community Development	By 2005
Density Bonus Overlay Zone	See above	See above	See above	See above	See above
<i>Promote housing opportunities for all persons regardless of race, age, religion, sex, marital status, ancestry, national origin or color</i>					
Equal Housing Opportunity	Ensure fair housing services for all residents of Fountain Valley	Reduce housing discrimination in Fountain Valley	CDBG Funds	Housing and Community Development, Departments of Planning and Building, Orange County Fair Housing Council	Continuing Basis
Equal Housing Opportunity	Refer all "red-lining" complaints to federal government as provided for in the Community Reinvestment Act (CRA)	Reduce housing discrimination in Fountain Valley	CDBG Funds	Housing and Community Development, Orange County Fair Housing Council	Continuing Basis

**TABLE 50
HOUSING ACTION PLAN SUMMARY
2000-2005**

Implementation Program(s)	Action	Plan Objective	Funding Source	Responsible Agency	Time Frame
Complete a "fair housing impediments analysis" pursuant to CDBG regulations	Remove identified public and private discriminatory practices if any are found to exist	Reduce housing discrimination in Fountain Valley	CDBG Funds	Housing and Community Development, Orange County Fair Housing Council	On-going review
<i>Remove governmental constraints from the process of creating affordable housing</i>					
Development Standards Review	Complete review and revisions process for Zoning Code Update	Enhance the capacity to construct affordable housing units	General Fund and CRA	Departments of Planning and Building	Schedule hearing August 23, 2001; Recommend to City Council to adopt September 13, 2001; and Adopt October 18, 2001
Processing and Fee Incentives	Facilitate construction of affordable housing. Minimize project-holding costs.	Consider, on a case by case basis, when requested, a fast-track process for projects with affordable housing proposed, or payment of fees when affordable units are proposed.	General Fund	Departments of Planning and Building	On-going
Density Bonus Overlay Zone Implementation	Density Bonus Overlay Zone being drafted as part of Zoning Code update. Include provisions for flexibility of development standards.	Achieve implementation of State law requirements and tailor plan to meet needs of City for promoting affordable housing	General Fund	Departments of Planning and Building	Implement Density Bonus Overlay Zone as opportunities arise on a continuing basis

B. QUANTIFIED OBJECTIVES

1. New Construction

The City's quantified objectives for new construction for each program during the 1998-2005 time period are shown in Table 51. It should be noted that achievement of these objectives depends on many factors beyond the City's control, such as funding availability, interest rates and general economic conditions.

As Table 51 indicates, the new construction objectives are achievable by the end of the 2000-2005 planning period. This is due to a combination of: the recycling of a Fountain Valley School District site for 150 unit senior apartments and 30 market rate single family units; the 456 unit senior active living complex currently under construction within the Medical Center Specific Plan; a proposed 78 unit single family subdivision on currently agricultural land designated by the General Plan for Low-Medium Density Residential, which will require the potential re-zoning of 46 acres of Commercially zoned land to High Density Residential; and single family infill development on individual lots based on historical activity.

**TABLE 51
NEW CONSTRUCTION
QUANTIFIED OBJECTIVES SUMMARY 1998 – 2005**

	Very-Low	Low	Moderate	Above Moderate	TOTAL
Recycling of School Site	105	45		30	180
Senior Active Living Rental Units – Medical Center Specific Plan		57	231	168	456
Infill on vacant Low-Medium Density land				78	78
High density infill on recycled commercial land ²		10			10
Infill on vacant Low Density land				27	27
TOTALS	105	112	231	303	751
RHNA	53	37	61	154	305

¹ Assumes that studio units will be affordable at market rate to low income households

² Assumes of Density Bonus Overlay for an additional 2 units

The Neighborhood Conditions Survey conducted in 1999 indicated the need for 1,063 units in need of rehabilitation, not including the units cited in the La Colonia neighborhood which exhibited a combination of rehabilitation and code enforcement needs. The City's Home Improvement Program (HIP) primarily utilizes the 20% Set-Aside fund and CDBG funds to address the rehabilitation of units in the City. The HIP is also comprised of: the Neighborhood Revitalization program, which provides up to \$5,000 in financial assistance to households with incomes below 80% of the County median in the form of grants or rebates which are not required to be paid back to the City; the Housing Rehabilitation Program, which provides \$35,000 low interest loans to households with incomes below 120% of the County median; and the Mobile Home Rehabilitation Program, which provides a \$4,000 grant or rebate

to households with incomes below 80% of the County median income. Table 52 shows the City's quantified objectives for rehabilitation programs by income category.

**TABLE 52
REHABILITATION
QUANTIFIED OBJECTIVES SUMMARY 1998 – 2005**

	<i>Very-Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>TOTAL</i>
Code Enforcement Program	260	515	515		1,290
Infrastructure Improvement Program	2	2	2		6
Home Improvement Program	50	50	50		150
TOTALS	312	567	567		1,446

2. Preservation/Assistance

The City's objectives for assistance and preservation programs are shown in Table 53. There are no units at risk of conversion to market rate during the planning period. However, the City has targeted preservation of the majority of the existing stock of rental units through a policy that allows only 5% of the stock to convert to ownership units. Maintenance of the number of Section 8 vouchers used at rental units in the City is also considered preservation of units. The quantified objectives take into account the existing number of Section 8 rental vouchers presently used in the City. The City has established programs to provide opportunities to households in the ownership of units with the HELP home equity down payment assistance program, and the County's Mortgage Credit Certificate program.

**TABLE 53
PRESERVATION/ASSISTANCE
QUANTIFIED OBJECTIVES SUMMARY 1998 – 2005**

	<i>Very-Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>Total</i>
At-Risk Units	N/A	N/A	N/A	N/A	N/A
Section 8	100/year				100/year
Home Equity Loan Program	10	45	45		100
Mortgage Credit Certificates		5	5		10
TOTALS	110	50	50		210

City of Fountain Valley
HOUSING ELEMENT UPDATE

Summary Table:

TABLE 54
CITY OF FOUNTAIN VALLEY
QUANTIFIED OBJECTIVES SUMMARY 1998 - 2003

<i>Quantified Objective</i>	<i>New Construction</i>	<i>Rehabilitation</i>	<i>Assistance</i>	<i>Total</i>	<i>RHNA</i>
Very Low Income	105	312	110	527	53
Low Income	112	567	50	729	37
Moderate Income	231	567	50	848	60
Above Moderate Income	303	—	—	306	154
Total	751	1,446	210	2,407	304



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